STATE OF COLORADO

John W. Hickenlooper, Governor
Christopher E. Urbina, MD, MPH
Executive Director and Chief Medical Officer

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
Located in Glendale, Colorado

Laboratory Services Division
8100 Lowry Blvd.
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http://www.cdphe.state.co.us

Colorado Department
of Public Health
and Environment

January 19, 2012

The Corporation Company, Registered Agent
Bridle Hill Development Company, LLC
1675 Broadway, Ste 1200
Denver, Colorado 80202

RE: Compliance Order on Consent, Number: SC-120118-1

Dear The Corporation Company:

Enclosed for Bridle Hill Development Company, LLC 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 37). 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 Michael Harris at (303) 692-3598 or by electronic mail at michael.harris@state.co.us.

Sincerely,

Russell Zigler

Russell Zigler, Legal Assistant
Compliance Assurance Section
Enforcement Unit
WATER QUALITY CONTROL DIVISION

Enclosure(s)

cc: Weld County Dept. of Public Health and Environment
Bridle Hill Development Company, LLC, Attn: Allison Hanslik, 1616 South Voss, Suite 430, Houston, TX 77057
Enforcement File

ec: Natasha Davis, EPA Region VIII

Doug Camrud, Engineering Section, CDPHE
Dick Parachini, Watershed Program, CDPHE
Nathan Moore, Permits Section, CDPHE
David Bauer, MS4 Program Contact
Michael Beck, OPA
Michael Harris, Case Person
Tania Watson, Compliance Assurance, CDPHE

COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT

DIVISION OF ADMINISTRATION

WATER QUALITY CONTROL DIVISION

COMPLIANCE ORDER ON CONSENT **NUMBER: SC-120118-1**

IN THE MATTER OF: **BRIDLE HILL DEVELOPMENT COMPANY, LLC**
CDPS PERMIT NO. COR-030000
CERTIFICATION NO. COR-03A533
WELD 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 §§25-8-602 and 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 Bridle Hill Development Company, LLC ("Bridle Hill"). The Division and Bridle Hill 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 civil penalties associated with alleged violations cited herein and in the Notice of Violation / Cease and Desist Order, Number: SO-110114-1 (the "NOV/CDO"), that the Division issued to Bridle Hill on January 14, 2011.

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 Bridle Hill and Bridle Hill's compliance with the Act, its implementing permit regulations, and/or a stormwater permit.

3. At all times relevant to the alleged violations identified herein, Bridle Hill was a Colorado limited liability company in good standing and registered to conduct business in the State of Colorado.

4. Bridle Hill is a "person" as defined under the Water Quality Control Act, §25-8-103(13), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2(73).

5. On September 21, 2006, Bridle Hill initiated construction activities of a residential and commercial development with a planned disturbance of 130 acres of land at or near State Highway 14 & Weld County Road 17 in Weld County, Colorado (the "Project").

6. On July 27, 2006, the Division received an application from Bridle Hill for Project coverage under the Colorado Discharge Permit System ("CDPS") General Permit, Number COR-030000, for Stormwater Discharges Associated with Construction Activity (the "Permit").

7. On August 1, 2006, the Division provided Bridle Hill Certification Number COR-03A533 authorizing Bridle Hill to discharge stormwater from the construction activities associated with the Project to the Larimer County Canal and South Platte River under the terms and conditions of the Permit. Certification Number COR-03A533 became effective August 1, 2006, and remains in effect until June 30, 2012, or until Bridle Hill inactivates permit coverage.

8. The Larimer County Canal and South Platte River are "state waters" as defined by §25-8-103(19), C.R.S. and its implementing permit regulation, 5 CCR 1002-61, §61.2 (102).

9. Pursuant to 5 CCR 1002-61, §61.8, Bridle Hill must comply with all the terms and conditions of the Permit, and violations of such terms and conditions as specified in the Permit may be subject to civil and criminal liability pursuant to §§25-8-601 through 25-8-612, C.R.S.

10. On June 2, 2009, a representative from the Weld County Department of Public Health and Environment ("Weld County Representative") visited the Project and took photographs documenting the condition of the site.

11. On August 13, 2009, representatives from the Division (the "Inspectors") conducted an on-site inspection of the Project pursuant to the Division's authority under §25-8-306, C.R.S., to determine Bridle Hill's compliance with the Water Quality Control Act and the Permit. During the inspection, the Inspectors interviewed Project representatives, reviewed the Project's stormwater management system records, and performed a physical inspection of the Project.

<u>Deficient and/or Incomplete Stormwater Management Plan</u>

12. Pursuant to Part I. B. of the Permit, Bridle Hill is required to prepare and maintain a Stormwater Management Plan ("SWMP") in accordance with good engineering, hydrologic, and pollution control practices. The SWMP is required to identify all 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 Best Management Practices ("BMPs") at the Project, which will be used to reduce the pollutants in stormwater discharges associated with construction activity.

13. Pursuant to Part I. C. of the Permit, the Project's SWMP shall include, at a minimum, the following items:

    a. Site Description – The SWMP shall clearly describe the construction activity, including:

i. The nature 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. A summary of any existing data used in the development of the construction plans or SWMP that describe the soil or existing potential for soil erosion.
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 all potential pollution sources, including ground surface disturbance, vehicle fueling, storage of fertilizers or chemicals, etc.
vii. The location and description of any allowable sources of non-stormwater discharge, such as springs, landscape irrigation return flow, construction dewatering, and concrete washout.
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 – The SWMP shall include a legible site map(s), showing the entire site, identifying:

i. Construction site boundaries.
ii. All areas of ground surface disturbance.
iii. Areas of cut and fill.
iv. Areas used for storage of building materials, equipment, soil, or waste.
v. Locations of dedicated asphalt or concrete batch plants.
vi. Locations of all structural BMPs
vii. Locations of all non-structural BMPs.
viii. Locations of springs, streams, wetlands and other surface waters.

c. Stormwater Management Controls - The SWMP must include a description of all stormwater management controls that will be implemented as part of the construction activity to control pollutants in stormwater discharges, including:

i. SWMP Administrator – The SWMP shall identify a specific individual(s), position or title that is responsible for developing, implementing, maintaining, and revising the SWMP.
ii. Identification of Potential Pollutant Sources – The SWMP shall identify and describe those sources determined to have the potential to contribute pollutants to stormwater discharges.
iii. Best Management Practices (BMPs) for Stormwater Pollution Prevention – The SWMP shall identify and describe appropriate BMPs that will be implemented at the facility to reduce the potential of pollution sources to contribute pollutants to stormwater discharges. The SWMP shall clearly describe the installation and implementation specifications for each BMP identified in the SWMP.
(1) Structural Practices for Erosion and Sediment Control – The SWMP shall clearly describe and locate all structural practices implemented at the site to minimize erosion and sediment transport. Practices may include, but are not limited to: straw bales, wattles/sediment control logs, silt fences, earth dikes, drainage

swales, sediment traps, subsurface drains, pipe slope drains, inlet protection, outlet protection, gabions, and temporary or permanent sediment basins.

(2) Non-Structural Practices for Erosion and Sediment Control – The SWMP shall clearly describe and locate all non-structural practices implemented at the site to minimize erosion and sediment transport. Description must include interim and permanent stabilization practices, and site-specific scheduling for implementation of the practices. Non-structural practices may include, but are not limited to: temporary vegetation, permanent vegetation, mulching, geotextiles, sod stabilization, slope roughening, vegetative buffer strips, protection of trees, and preservation of mature vegetation.

(3) Phased BMP Implementation – The SWMP shall clearly describe the relationship between the phases of construction and the implementation and maintenance of BMPs. The SWMP must identify the stormwater management controls to be implemented during the project phases, which can include, but are not limited to, clearing and grubbing, road construction, utility and infrastructure installation, vertical construction, final grading and final stabilization.

(4) Materials Handling and Spill Prevention – The SWMP shall clearly describe and locate all practices implemented at the site to minimize impacts from procedures or significant materials that could contribute pollutants to runoff.

(5) Dedicated Concrete or Asphalt Batch Plants – The SWMP shall clearly describe and locate BMPs to control stormwater pollution from dedicated concrete batch plants or dedicated asphalt batch plants.

(6) Vehicle Tracking Control – The SWMP shall clearly describe and locate all practices implemented at the site to control potential sediment discharges from vehicle tracking.

(7) Waste Management and Disposal, Including Concrete Washout – The SWMP shall clearly describe and locate the practices implemented at the site to control stormwater pollution from all construction site wastes, including concrete washout activities.

(8) Groundwater and Stormwater Dewatering – The SWMP shall clearly describe and locate the practices implemented at the site to control stormwater pollution from the dewatering of groundwater or stormwater from excavations, wells, etc.

d. Final Stabilization and Long-Term Stormwater Management – The SWMP shall clearly describe the practices used to achieve final stabilization of all disturbed areas at the site, and any planned practices to control pollutants in stormwater discharges that will occur after construction operations have been completed at the site.

e. Inspection and Maintenance – The SWMP shall clearly describe the inspection and maintenance procedures implemented at the site to maintain all erosion and sediment control practices and other protective practices in good and effective operating condition.

14. During the August 13, 2009 inspection, the Inspectors reviewed the Project's SWMP and identified the following deficiencies, as described in paragraphs 14(a-h) below:

a. The site map included with the SWMP did not identify the construction site boundaries.

b. The site map included with the SWMP did not identify areas of cut and fill.

c. The SWMP did not identify a SWMP Administrator.

d. The SWMP identified gravel sock inlet protections, the use of perimeter BMPs, and a concrete washout as structural controls that would be utilized onsite for erosion and sediment control. However, the SWMP did not include installation and implementation specifications for these structural controls.

e. The SWMP identified site stabilization and surface roughening as non-structural BMPs that would be utilized onsite. However, the SWMP did not include installation and implementation specifications for these non-structural controls.

f. The SWMP identified a sequence (phases) of construction activities for the site, but failed to identify the stormwater management controls to be implemented during those phases.

g. The SWMP stated that fuels and chemicals would not be used at the construction site. However, the site map included with the SWMP identified a fuel containment area for the Project.

h. The SWMP did not include specific practices that would be used to achieve final stabilization, including seed mix selection and application methods and soil preparation and amendments.

15. The Division has determined that Bridle Hill failed to prepare and maintain a complete and accurate SWMP for the Project.

16. Bridle Hill's failure to prepare and maintain a complete and accurate SWMP for the Project constitutes violation(s) of Part I. B. and Part I. C. of the Permit.

Failure to Perform and/or Document Inspections of Stormwater Management System

17. Pursuant to Part I. D. 6. (a) of the Permit, for active sites where construction has not been completed, Bridle Hill is required to make a thorough inspection of the Project's stormwater management system at least every 14 calendar days and within 24 hours of any precipitation or snowmelt event that causes surface erosion.

18. Pursuant to Part I. D. 6. (b) (2) of the Permit, Bridle Hill is required to keep a record of inspections that describes any corrective actions taken, the dates the corrective actions were taken, and any measures taken to prevent future violations, including requisite changes to the SWMP.

19. During the August 13, 2009 inspection, the Inspectors reviewed the Project's stormwater management system inspection records and identified that Bridle Hill failed to perform inspections within the 14 calendar day minimum inspection frequency on 19 occasions. Additionally, the inspection reports did not include a description of the corrective actions taken or measures taken to prevent future violations, including requisite changes to the SWMP.

20. The Division has determined that Bridle Hill failed to properly perform and document inspections of the stormwater management system at the Project.

21. Bridle Hill's failure to properly perform and document its inspections constitutes violations of Part I. D. 6. (a) and Part I. D. 6. (b) (2) of the Permit.

Failure to Install, Maintain, or Properly Select Best Management Practices

22. Pursuant to Part I. C. 3. (c) of the Permit, Bridle Hill is required to implement BMPs to reduce the potential of pollution sources from contributing pollutants to stormwater discharges, including minimizing erosion and sediment transport from the Project. The Permit specifies that structural site management practices may include, but are not limited to: straw bales, wattles/sediment control logs, silt fences, earth dikes, drainage swales, sediment traps, subsurface drains, pipe slope drains, inlet protection, outlet protection, gabions, and temporary or permanent sediment basins. The Permit specifies that non-structural site management practices may include, but are not limited to: temporary vegetation, permanent vegetation, mulching, geotextiles, sod stabilization, slope roughening, vegetative buffer strips, protection of trees and preservation of mature vegetation.

23. Pursuant to Part I. D. 2. of the Permit, Bridle Hill is required to select, design, install, implement and maintain appropriate BMPs for all potential pollutant sources at the Project, following good engineering, hydrologic and pollution control practices.

24. Pursuant to Part I. B. 3. of the Permit, Bridle Hill is required to implement the provisions of the Project's SWMP as written and updated, from commencement of construction activity until final stabilization is complete.

25. During the June 2, 2009 visit to the site, the Weld County Representative identified the following deficiencies related to BMP installation and maintenance at the Project, as described in Paragraphs 25(a-b) below:

    a. The Weld Inspector observed a disturbed area located at the intersection of Saddler Boulevard and WCR 17 at the Project. A silt fence and storm drain inlet protection were observed in place, however, the silt fence had failed and a section of the fence had fallen down. Consequently, the inlet protection was overwhelmed by significant sediment discharge that was observed in the adjacent street.

    b. The Weld Inspector observed a disturbed area and storm drain inlet located at the intersection of WCR 17 and Hwy 14. A silt fence was observed in place, however, the silt fence had failed and did not extend across the base of the entire disturbed area. A hay bale was observed in place on one side of the storm drain inlet, however, the hay bale was not installed in accordance with good engineering, hydrologic, and pollution control practices, as the hay bale was sitting on concrete, was not entrenched or staked, and was not designed for the application it was being utilized for. Consequently, sediment discharge was observed in the street and in the storm drain inlet that leads to the Larimer County Canal and South Platte River.

26. During the August 13, 2009 inspection, the Inspectors identified the following deficiencies related to BMP installation and maintenance at the Project, as described in Paragraphs 26(a-g) below:

    a. The Inspectors observed disturbed areas on both sides of the entrance to Tract 1 off of Saddler Boulevard at the Project. A silt fence was observed in place down gradient of the disturbed area. The installation and implementation specifications in the SWMP stated that silt fence must be installed along the drainage contour, not in areas of concentrated flow, and not to exceed a maximum drainage area of 1/4 acre per 100 feet of silt fence. However, the silt fence in this area was not installed on the drainage contour, was installed in an area of concentrated flow, and was installed in an area exceeding the maximum drainage capacity.

    b. The Inspectors observed a disturbed area at the entrance to Tract 10 on Saddler Boulevard at the Project. A Vehicle Tracking Control ("VTC") was observed within the disturbed area. The installation and implementation specifications in the SWMP stated that the VTC must be a minimum of 12 feet in width, 70 feet in length, 6 inches in depth, and have a mixture of 3 inch, 2 inch, and ¾ inch coarse aggregate. However, the vehicle tracking control was not at least 12 feet in width, nor 70 feet in length, nor 6 inches in depth, and did not include a mixture of 3 inch, 2 inch, and ¾ inch aggregate. Consequently, sediment tracking and discharge was observed in the street adjacent to the disturbed area, which would drain to a nearby storm drain inlet that discharges directly to the Larimer County Canal and South Platte River.

    c. The Inspectors observed a disturbed area located near the intersection of Saddler Boulevard and WCR 17. Two rows of silt fence were observed in the area. The installation and implementation specifications in the SWMP stated that silt fence must be installed along the drainage contour, not in areas of concentrated flow, and not to exceed a maximum drainage area of 1/4 acre per 100 feet of silt fence. However, neither row of silt fence in this area was installed along the drainage contour, both were installed in areas of concentrated flow, and both were installed in areas exceeding the maximum drainage capacity. Additionally, the down gradient silt fence had numerous stakes that were down, holes in the fence fabric, and sediment accumulation behind the silt fence that exceeded the ½ exposed filter fabric height requirement. Consequently, the silt fences failed and sediment discharge was observed in the street and adjacent storm drain inlet that leads to the Larimer County Canal and South Platte River.

    d. The Inspectors observed a large disturbed area located at the intersection of Hwy 14 and WCR 17. Stormwater drainage from the area was being directed at one storm sewer drop inlet. A straw bale inlet protection was observed in place. The installation and implementation specifications in the SWMP stated that straw bale inlet protections must be entrenched 4 inches in the ground, tightly abutted with no gaps, staked, and backfilled around the entire outside perimeter of the inlet. However, the straw bale inlet protection was not entrenched and had gaps in the abutments. Additionally, the straw bale inlet protection was not being maintained, as sediment was nearly burying the bales, thus limiting its effectiveness. No other BMPs were observed in place for the disturbed area. In accordance with good engineering, hydrologic, and pollution control practices, inlet protection devices are designed to be used in conjunction with upstream erosion and sediment controls and are not functional as sole BMPs.

e. The Inspectors observed a disturbed area located up gradient of Hwy 14 and WCR 17, around Pond E. Silt fence was observed in place down gradient from the disturbed area. The installation and implementation specifications in the SWMP stated that silt fence must be installed along the drainage contour, not in areas of concentrated flow, and not to exceed a maximum drainage area of 1/4 acre per 100 feet of silt fence. However, the silt fence in this area was not installed on the drainage contour, was installed in an area of concentrated flow, and was installed in an area exceeding the maximum drainage capacity.

f. The Inspectors observed a flood control structure identified during the inspection as Pond E. Stormwater from the site flows into Pond E and exits through an outlet structure on the southwest side of the pond, into a roadside drainage ditch, and ultimately into the storm sewer that discharges to the Larimer County Canal and South Platte River. The pond was not designed or modified to function as a stormwater BMP for construction, as the outlet was located at the low point of the pond's capacity and functional up gradient erosion and sediment controls were not implemented. Consequently, sediment from up gradient areas was allowed to discharge to the pond and flow directly out the low flow outlet, as evidenced by heavy sediment accumulation observed at the pond's inlet and outlet structures.

g. The Inspectors observed a disturbed area located at the southwest corner of the project near Hwy 14 and WCR 17. Silt fence and hay bales were observed down gradient of the disturbed area. The installation and implementation specifications in the SWMP stated that silt fence must be installed along the drainage contour and the silt fence fabric must be anchored into the soil and firmly attached to stakes that are spaced a maximum of 10 feet. For straw bales, the installation and implementation specifications stated that the bales must be entrenched 4 inches into the ground, tightly abutted with no gaps, and staked and backfilled. The silt fence in this area was not installed along the drainage contour, the fence fabric was not anchored into the soil and firmly attached to stakes, and the stakes were spaced more than 10 feet apart in some areas. The straw bales were not entrenched in the ground, had gaps between the bales, and were not properly staked and backfilled in accordance with good engineering, hydrologic, and pollution control practices. Consequently, sediment bypassed the BMPs in this area and was discharged to the street and into the storm drain inlet that leads to the Larimer County Canal and South Platte River.

27. The Division has determined that Bridle Hill failed to implement and/or maintain functional BMPs for all potential pollutant sources at the Project, following good engineering, hydrologic, and pollution control practices.

28. Bridle Hill's failure to implement and/or maintain functional BMPs to protect stormwater quality during construction activities at the Project constitutes violations of Part I. C. 3. (c), Part I. D. 2., and Part I. B. 3., of the Permit.

29. The Division acknowledges that Bridle Hill satisfactorily performed all of the obligations and actions required under the NOV/CDO.

ORDER AND AGREEMENT

30. 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 NOV/CDO, the Division orders Bridle Hill to comply with all provisions of this Consent Order, including all requirements set forth below.

31. Bridle Hill agrees to the terms and conditions of this Consent Order. Bridle Hill 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. Bridle Hill also agrees not to challenge directly or collaterally, in any judicial or administrative proceeding brought by the Division or by Bridle Hill 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.

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

CIVIL PENALTY

33. Based upon the application of the Division's Stormwater Civil Penalty Policy (January 25, 2007), and consistent with Departmental policies for violations of the Act, Bridle Hill shall pay Twelve Thousand Dollars ($12,000.00) in civil penalties. The Division intends to petition the Executive Director, or his designee, to impose the Twelve Thousand Dollar ($12,000.00) civil penalty for the above violations and Bridle Hill agrees to make the payment through two installment payments – Six Thousand Dollars ($6,000.00) due by March 31, 2012 and Six Thousand Dollars ($6,000.00) due by April 30, 2012. 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:

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

34. Failure to submit full payment of any installment by the due date described in paragraph 33 above shall be deemed a violation of this Consent Order.

35. In the event that Bridle Hill fails to comply with any of the terms or provisions of this Consent Order relating to payment of the civil penalty, Bridle Hill shall be liable for payment of the outstanding balance of the civil penalty within thirty (30) days of receipt of written demand by the Division. 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 the address specified in paragraph 33 above.

SCOPE AND EFFECT OF CONSENT ORDER

36. The Parties agree and acknowledge that this Consent Order constitutes a full and final settlement of the civil penalties associated with the violations alleged herein and in the NOV/CDO.

37. 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 Bridle Hill 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.

38. 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 Bridle Hill, 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.

39. Notwithstanding paragraph 32 above, the violations described in this Consent Order will constitute part of Bridle Hill'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 Bridle Hill. Bridle Hill agrees not to challenge the use of the cited violations for any such purpose.

LIMITATIONS, RELEASES AND RESERVATION OF RIGHTS AND LIABILITY

40. 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 civil penalties for the specific instances of violations cited herein and in the NOV/CDO. 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.

41. This Consent Order does not grant any release of liability for any violations not specifically cited herein.

42. 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.

43. Upon the effective date of this Consent Order, Bridle Hill 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 violations of the Act specifically addressed herein.

44. 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.

NOTICES

45. 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-CAS-B2
Attention: Michael Harris
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530
Telephone: 303.692.3598
E-mail: michael.harris@state.co.us

For Bridle Hill:

Bridle Hill Development Company, LLC
Attn: Allison Hanslik
1616 South Voss, Suite 430
Houston, TX 77057
(713) 982-8555
allison@arkroyalcap.com

MODIFICATIONS

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

NOTICE OF EFFECTIVE DATE

47. This Consent Order shall be fully effective, enforceable and constitute a final agency action upon the date when the Executive Director or [his or her] designee imposes the civil penalty following closure of the public comment period referenced in paragraph 37. 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

48. This Consent Order is binding upon Bridle Hill and its successors in interest and assigns. The undersigned warrant that they are authorized to legally bind their respective principals to 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 BRIDLE HILL DEVELOPMENT COMPANY, LLC:

Allison Hanslik _____ Date: Jan. 13, 2012

Allison Hanslik, ~~Managing Member~~ MANAGER

FOR THE COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT:

Lori M Gerzina _____ Date: 1/18/12

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