Keith Guille

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air quality Division ("DEQ/AQD"), Herschler building, 122 West 25th Street, Cheyenne, WY 82002, and Williams Field Services Company, LLC ("Williams"), 4980 State Highway 374, Green River, Wyoming 82935, enter into this Settlement Agreement ("Agreement") to fully and finally resolve without litigation the violations cited in DEQ Notice of Violation Docket No. 4380-08 ("NOV"). The NOV alleges that Williams failed to comply with permit waiver AP-T47 in the operation of the 2.0 MMSCFD dehydrator at the Whiskey Buttes #8 CDM located in Lincoln County, Wyoming in violation of the Air Quality Act ("Act"), applicable Wyoming Air Quality Standards and Regulations ("WAQSR") and permit waiver AP-T47.

WYO. STAT. ANN. § 35-11-901(a)(ii) (West 2008) authorizes stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, Williams and the DEQ/AQD hereby stipulate and agree as follows:

1. The DEQ/AQD is responsible for enforcing the Act and WAQSR.

2. WYO. STAT. ANN. § 35-11-201 states: "No person shall cause, threaten or allow the discharge or emission of any air contaminant in any form so as to cause pollution which violates rules, regulations and standards adopted by the council."

3. WYO. STAT. ANN. § 35-11-801(c) states: "A permit to construct is required before construction or modification of any industrial facility capable of causing or increasing air or water pollution in excess of standards established by the department is commenced."

4. Chapter 6, Section 2 of the WAQSR prescribes the applicability and procedures for issuing permits to sources under DEQ/AQD's construction and modification permitting program.

5. Chapter 6, Section 2(a)(i) of the WAQSR states: "Any person who plans to construct any new facility or source, modify any existing facility or source, or to engage in the use of which may cause the issuance of or an increase in the issuance of air contaminants into the air of this state shall obtain a construction permit from the State of Wyoming, Department of Environmental Quality before any actual work is begun on the facility."

6. Air quality waiver AP-T47 was issued for the 584 dehydration units on or about February 5, 1999. The waiver was issued based on the emission rates represented in the permit application. One of the listed dehydration units was for the Whiskey Buttes 8 CDM production facility, located within the Moxa Gathering District in Sweetwater County, Wyoming. Emissions from gas venting from the dehydrator was not represented in the permit application.

7. On July 9, 2008, an inspection of Whiskey Buttes #8 CDM was performed by an AQD inspector. During the inspection, it was observed that there was venting coming from the dehydration unit. The gas venting episode was caused by a build-up of pressure in the Moxa gathering system. The venting could have occurred for between 1 and 21 hours. Gas vented from the dehydrator could have been in excess of those represented in permit waiver AP-T47.

8. Williams agrees to pay the DEQ/AQD ten thousand dollars and no cents ($10,000.00) as a stipulated settlement amount. Williams shall make full payment of the settlement amount by check made payable to the Wyoming

Department of Environmental Quality, Air Quality Division, within thirty (30) days after Williams has been notified by DEQ/AQD that the final signature has been affixed to the Agreement. Williams shall mail the payment to John S. Burbridge, Senior Assistant Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

A. Williams agrees to pay the DEQ/AQD two thousand five hundred dollars and no cents ($2,500.00) as a partial settlement amount ("Partial Settlement Amount"). Williams shall make full payment of the Partial Settlement Amount by check made payable to the Wyoming Department of Environmental Quality, Air Quality Division, within thirty (30) days after Williams has been notified by DEQ/AQD that the final signature has been affixed to the Agreement. Williams shall mail the payment to John S. Burbridge, Senior Assistant Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

B. In addition to paying the Stipulated Civil Penalty, Williams agrees to complete the following Supplemental Environmental Project ("SEP"):

i. A SEP is a project that is beneficial for the environment and is otherwise not required by applicable statutes, regulations, permits or orders. This SEP will benefit the environment through activities conducted by the University of Wyoming Environmental Engineering Internship Program (EEIP).

ii. Williams agrees to complete the University of Wyoming Environmental Engineering Internship Program SEP ("UW SEP") by submitting a check made payable to the University of Wyoming in the amount of seven thousand five hundred dollars and no cents ($7,500.00) for the University of Wyoming Environmental Engineering Internship program, Account WYDEQ6867. Williams shall make full payment of the SEP within thirty (30) days after Williams has been notified by the DEQ/AQD that the final signature has been affixed to this Agreement. Williams shall submit the SEP payment to Christy Rickard, University of Wyoming, Department 3355, Contracts and Grants, Old Main, Laramie, Wyoming 82071. Williams shall provide DEQ/AQD with SEP expenditure documentation within thirty days after completing the SEP.

iii. Williams hereby certifies that as of the date it signs this Agreement, Williams is not required to perform or develop the SEP by any federal, state or local law or regulation; nor is Williams required to perform or develop the SEP pursuant to any other agreement or relief in any other case. Williams further certifies that it has not received and is not presently negotiating to receive credit for the SEP in any other pending action.

iv. In the event that Williams does not complete the SEP according to the dates and amounts set forth above, or does not provide the DEQ/AQD with adequate SEP expenditure documentation, Williams agrees to pay the DEQ/AQD an additional Stipulated Civil Penalty ("Additional Stipulated Civil Penalty") within ninety days after Williams has been notified by the DEQ/AQD that the final signature has been affixed to this Agreement.

9. Williams, by entering into this Agreement, does not concede or admit to any liability, and this Agreement constitutes no admission of fault or noncompliance.

10. Full compliance with the signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against Williams based on the NOV and, solely in reliance on the Agreement, the DEQ/AQD will refrain from taking further enforcement action against Williams for that particular violation.

11. Williams waives any statute of limitations which may apply to an enforcement action by the DEQ/AQD involving the specific matters described in the NOV in the event that Williams fails to fulfill its obligations under this Agreement.

12. This Agreement shall be admissible by either Williams or DEQ/AQD (Williams and DEQ/AQD may be referred to individually as "Party" and collectively as "Parties") without objection by the other Party in any action between these Parties relating to the violations alleged herein.

13. Neither Party hereto shall have any claim against the other for attorney's fees or other costs incurred with the allegations resolved hereby, including costs incurred in the preparation of the Agreement. Each Party shall bear its own attorney fees and costs, if any, incurred through the date this Agreement is signed by both Parties. Each Party assumes the risk of any liability arising from its own conduct. Neither Party agrees to insure, defend or indemnify the other.

14. Any changes, modifications, revisions or amendments to this Agreement which are mutually agreed upon by the Parties shall be incorporated by written instrument, executed and signed by all Parties to this Agreement.

15. The construction, interpretation and enforcement of this Agreement shall be governed by the laws of the State of Wyoming. The Courts of the State of Wyoming shall have jurisdiction over this Agreement and the Parties, and the venue shall be the First Judicial District, Laramie County, Wyoming.

16. This Agreement, consisting of four (4) pages represents the entire and integrated agreement between the Parties and supersedes all prior negotiations, representations, and agreements, whether written or oral.

17. The State of Wyoming and the DEQ/AQD do not waive sovereign immunity by entering into this Agreement and specifically retain immunity and all defenses available to them as sovereigns pursuant to WYO. STAT. ANN. § 1-39-104(a) and all other state law.

18. The Parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed so as to create such status. The rights, duties and obligations contained in the Agreement shall operate only between the Parties to this Agreement, and shall inure solely to the benefit of the Parties to this Agreement. The Parties to this Agreement intend and expressly agree that only Parties signatory to this Agreement shall have legal or equitable right to seek to enforce this Agreement, to seek any remedy arising out of a Party's performance or failure to perform any term or condition of this Agreement, or to bring an action for the breach of this Agreement.

19. Each Party represents that they are authorized to enter into this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

IN WITNESS THEREOF, the Parties, by their duly authorized representatives, have executed this Agreement on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this Agreement:

WILLIAMS FIELD SERVICES COMPANY, LLC

By: _____ 3-19-09
Dan Kalan Date

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By: _____ 3/25/09
David Finley, AQD Administrator Date

By: _____ 3/25/09
John Corra, DEQ Director Date

APPRVAL AS TO FORM:

By: _____ 3.25.09
John S. Burbridge Date
Senior Assistant Attorney General
Attorney for DEQ/AQD