

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division ("DEQ/AQD"), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and Windsor Energy Group, L.L.C. ("Windsor Energy"), 14301 Caliber Drive, Suite 300, Oklahoma City, OK 73134, enter into this Settlement Agreement ("Agreement") to fully and finally resolve without litigation the alleged violations cited in DEQ Notice of Violation Docket No. 4493-09 ("NOV"). As more fully set forth below, the NOV alleges that Windsor Energy failed to send in correct or timely start-up notifications, conduct annual testing for the Caterpillar G398NAHC engine (E-1) for the years 2007 and 2008, and conduct catalyst temperature and pressure drop monitoring for the engines at the Bennett Creek Central Station facility ("Facility") located in Park County, Wyoming, thereby violating the Wyoming Environmental Quality Act ("Act"), applicable Wyoming Air Quality Standards and Regulations ("WAQSR") and DEQ/AQD Permit CT-3854.

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

1. Windsor Energy is an Oklahoma limited liability company that owns and/or operates various gas production wells and facilities, including this Facility.
2. The DEQ/AQD is responsible for enforcing the Act, the WAQSR and permits issued thereunder, including Permit CT-3854.
3. WYO. STAT. ANN. § 35-11-801(a) states: "In granting permits, the director may impose such conditions as may be necessary to accomplish the purpose of this act which are not inconsistent with the existing rules, regulations and standards."
4. Chapter 6, Section 2 of the WAQSR prescribes the applicability and procedures for issuing permits to sources under Wyoming's construction and modification permitting program.
5. On or about March 23, 2005, the DEQ/AQD issued Permit CT-3854 to Windsor Energy for this Facility. Condition No. 5 of Permit CT-3854 requires written notification of the anticipated date of initial startup, not more than 60 days or less than 30 days prior to such date, and notice of the actual start-up date within 15 days after start-up. On January 8, 2009, DEQ/AQD Inspector Mr. Greg Meeker inspected and conducted a records review of the Facility, noting that the DEQ/AQD had received an incomplete startup notification for engine E1 and that two additional Caterpillar G398NAHC engines

(E2 and E3) were operating but the DEQ/AQD had not received any start-up notifications for those engines. The DEQ/AQD alleges failure to submit complete or timely start-up notifications as required violates the Act, the WAQSR, and Condition No. 5 of Permit CT-3854.

6. On or about March 23, 2005, the DEQ/AQD issued Permit CT-3854 to Windsor Energy for this Facility. Condition No. 11 of Permit CT-3854 requires annual engine testing to verify compliance with the permitted NO_x and CO limits. On January 8, 2009, DEQ/AQD Inspector Mr. Greg Meeker inspected and conducted a records review of the Facility, noting that the DEQ/AQD had not received the annual test results for the Caterpillar G398NAHC engine (E-1) for the years 2007 and 2008. The DEQ/AQD alleges that a failure to submit or conduct the required annual engine tests violates the Act, the WAQSR, and Condition No. 11 of Permit CT-3854.

7. On or about March 23, 2005, the DEQ/AQD issued Permit CT-3854 to Windsor Energy for this Facility. Condition No. 12 of Permit CT-3854 requires a thermocouple be installed to measure catalyst inlet temperature monthly and the pressure drop across the catalyst be measured monthly. On January 8, 2009, DEQ/AQD Inspector Mr. Greg Meeker inspected and conducted a records review of the Facility, noting that Windsor Energy had not conducted catalyst monitoring for engines E2 and E3, that the engine E1 catalyst inlet temperature was being incorrectly monitored, and that a reference pressure drop across the catalyst was not established during the initial performance test. The DEQ/AQD alleges that a failure to conduct required catalyst monitoring, correctly monitor such catalyst, or establish the catalyst pressure drop during the initial performance test violates the Act, the WAQSR, and Condition No. 12 of Permit CT-3854.

8. DEQ/AQD and Windsor Energy agree to resolve the alleged violations described above and more fully set forth in the NOV in lieu of litigation under WYO. STAT. ANN. § 35-11-901(a)(ii) by having Windsor Energy pay the DEQ/AQD, eleven thousand dollars and no cents (\$11,000.00) as a stipulated civil penalty (Stipulated Civil Penalty). Windsor Energy shall make full payment of the Stipulated Civil Penalty by check made payable to the DEQ/AQD, within thirty (30) days after Windsor Energy has been notified by the DEQ/AQD that the final signature has been affixed to this Agreement. Windsor Energy shall mail the payment to Nancy Vehr, Sr. Assistant Attorney General, 123 Capitol Building, Cheyenne WY 82002.

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

10. Full compliance with this signed Agreement shall constitute full satisfaction and release for all claims by the DEQ/AQD against Windsor Energy based on NOV Docket No. 4493-09 and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Windsor Energy for these particular violations.

11. In the event that Windsor Energy fails to fulfill its obligations under this Agreement, Windsor Energy waives any statute of limitation claims which may apply in an enforcement action by the DEQ/AQD involving the specific matters described in NOV Docket No. 4493-09.

12. This Agreement shall be admissible by either Windsor Energy or the DEQ/AQD (hereinafter Windsor Energy and the DEQ/AQD may be referred to individually as "Party" and collectively as "Parties") without objection by the other Party only in an action between these Parties relating to the specific NOV herein; provided, however, that nothing herein constitutes an admission by Windsor Energy of liability or fault.

13. Neither Party hereto shall have any claim against the other for attorneys' fees or other costs incurred with the allegations resolved hereby, including costs incurred in the preparation of this 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 five (5) 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.

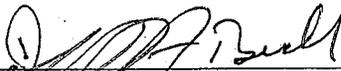
18. The Parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed so as to create such status. The rights, duties and obligations contained in this Agreement shall operate only between the Parties to this Agreement, 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 any 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.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

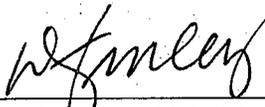
19. Each Party represents that they are authorized to enter into this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

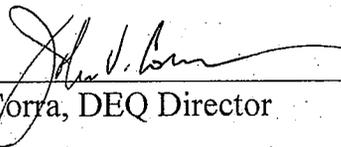
IN WITNESS THEREOF, the Parties, by their duly authorized representatives, have executed this Agreement on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this Agreement:

WINDSOR ENERGY:

By:  10/22/09
Name: Jeffrey Howard Bull Date
Title: Manager Regulatory/HSE

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY

By:  10/30/09
David A. Finley, AQD Administrator Date

By:  11/3/09
John Corra, DEQ Director Date

APPROVAL AS TO FORM:

 10/19/2009
Nancy E. Wehr, Sr. Asst. Attorney General Date
Attorney for DEQ/AQD