

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division ("DEQ/AQD"), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and Rosetta Resources Operating LP ("Rosetta"), 717 Texas, Suite 2800, Houston, TX 77002, enter into this Settlement Agreement ("Agreement") to fully and finally resolve without litigation the alleged violations cited in DEQ Notice of Violation Docket No. 4629-10 ("NOV"). As more fully set forth below, the NOV alleged that Rosetta failed to obtain a DEQ/AQD construction permit prior to constructing the Petrogulf State multiple wellsite for wells 36-1.5D, 36-2.5D, 36-8.5D, 36-1-2, 36-1-3 and 36-8-2 ("Facility") and failed to control emissions from storage tanks at the Facility located in Sublette County, Wyoming, thereby violating the Wyoming Environmental Quality Act ("Act") and applicable Wyoming Air Quality Standards and Regulations ("WAQSR").

WYO. STAT. ANN. § 35-11-901(a)(ii) (West 2010) authorizes stipulated settlement, including payment of a penalty, implementation of compliance schedules or other settlement conditions in lieu of litigation. To that end, Rosetta and the DEQ/AQD hereby stipulate and agree as follows:

1. Rosetta is a Delaware corporation that owns and/or operates various gas production wells and facilities, including this Facility.
2. The DEQ/AQD is responsible for enforcing the Act and the WAQSR.
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 Wyoming'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. The DEQ/AQD issued WAQSR Ch. 6 § 2 permitting guidance for Oil and Gas Production Facilities ("Guidance") in June 1997, with subsequent revisions in

November 1998, January 2000, August 2001, July 2004, August 2007, and March 2010. The Guidance indicates what DEQ/AQD accepts as meeting the intent of Wyoming's regulatory requirement to obtain a construction permit prior to the construction or operation of new air emission sources. The July 2004 revision states, "[f]or all PAD production facilities, a complete C6 S2 permit application must be filed within 40-days of the First Date of Production of an additional well producing to or at the PAD and within 40-days of production associated with an additional well(s) being tied into new or existing equipment at the PAD. The P-BACT/NOI process will no longer apply to these facilities since installation of controls for all new and all existing flashing and dehydration unit emissions are required to be installed and operational upon the First Date of Production."

7. The DEQ/AQD alleges that on November 16, 2009, DEQ/AQD Inspector Ms. Jennifer Frazier inspected the Facility and observed an open thief hatch and all eight thief hatches on the produced water tank unlatched with visible venting emissions. On June 10, 2010, Rosetta submitted the permit application for the Petrogulf State 36-1.5 PAD. Following review of this permit application, the DEQ/AQD determined that Rosetta did not have an air quality permit for the Facility.

8. On February 5, 2010, the DEQ/AQD issued the NOV to Rosetta alleging that Rosetta's failure to obtain a DEQ/AQD construction permit prior to constructing and/or operating the Facility and failing to control emissions from storage tanks at the Facility violated the Act and the WAQSR.

9. DEQ/AQD and Rosetta agree that to resolve these alleged violations in lieu of litigation under WYO. STAT. ANN. § 35-11-901(a)(ii), Rosetta will pay the DEQ/AQD twenty-five thousand dollars and no cents (\$25,000.00) as a stipulated penalty amount. Rosetta shall make full payment by check made payable to the Wyoming DEQ/AQD, within thirty (30) days after Rosetta has been notified by DEQ/AQD that the final signature has been affixed to this Agreement. Rosetta shall mail the payment to Nancy Vehr, Sr. Asst. Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

10. Rosetta, by entering into this Agreement, does not concede or admit to any liability or fault, and this Agreement constitutes no admission of liability, fault or noncompliance with any allegations, findings, determinations or conclusions contained in this Agreement or in NOV Docket No. 4629-10.

11. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against Rosetta based on NOV Docket No. 4629-10 and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Rosetta for these particular violations. By this Settlement

Agreement, the Parties intend to resolve all allegations that were asserted in NOV Docket No. 4629-10.

12. In the event that Rosetta fails to fulfill its obligations under this Agreement, Rosetta waives any statute of limitation claims that may apply in an enforcement action by the DEQ/AQD involving the specific matters described in NOV Docket No. 4629-10.

13. This Agreement shall be admissible by either Rosetta or the DEQ/AQD (hereinafter Rosetta 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 violations alleged herein.

14. Neither Party hereto shall have any claim against the other for attorneys' fees or other costs incurred with the allegation 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.

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

16. 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.

17. 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.

18. 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.

19. 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.

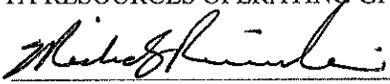
20. Each Party represents that they are authorized to enter into this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

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:

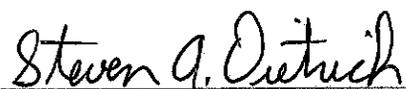
ROSETTA RESOURCES OPERATING LP:

By its general partner,

ROSETTA RESOURCES OPERATING GP, LLC

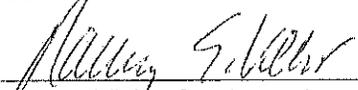
By:  ^{MRP} 11/2/10
Name: Michael J Rosner Date
Title: GP - CEO

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY

By:  11-9-10
Steven A. Dietrich, AQD Administrator Date

By:  11/10/10
John Corra, DEQ Director Date

APPROVAL AS TO FORM:

 10/29/10
Nancy E. Vehr, Sr. Asst. Attorney General Date
Attorney for DEQ/AQD

Settlement Agreement between DEQ/AQD and Rosetta Resources

DEQ NOV #4629-10

October 2010

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