

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division (DEQ/AQD), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and Anadarko E&P Company LP (Anadarko), 1201 Lake Robbins Drive, The Woodlands, Texas, 77380, enter into this Settlement Agreement (Agreement) to fully and finally resolve without litigation the alleged violations cited in DEQ Notice of Violation Docket No. 4935-11 (NOV). As more fully set forth below, the NOV generally alleges that Anadarko failed to comply with permit conditions for controlling condensate tank vapor emissions at the Latham Draw 33-25D, 31-25D, 42-25D, and 44-25D PAD facility (Facility) located in Sweetwater County, Wyoming, thereby violating the Wyoming Environmental Quality Act (Act), applicable Wyoming Air Quality Standards and Regulations (WAQSR) and DEQ/AQD Permit CT-11433.

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, Anadarko and the DEQ/AQD hereby stipulate and agree as follows:

1. Anadarko is a Delaware limited partnership that owns and/or operates the Facility.
2. The DEQ/AQD is the executive branch agency of Wyoming government responsible for enforcing the Act, the WAQSR and permits issued thereunder, including DEQ/AQD Permit CT-11433.
3. Wyo. Stat. Ann. § 35-11-801(a) provides that in granting permits, the DEQ 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. The DEQ/AQD issued Permit CT-11433 to Anadarko on March 11, 2011 for the Facility. Condition 6 of the Permit provides that Anadarko shall route condensate tank vapors “to a combustion device to reduce the mass content of total VOCs [Volatile Organic Compounds] and HAPs [Hazardous Air Pollutants] in the vapors routed to the device by at least ninety-eight percent (98%) by weight[.]”
6. DEQ/AQD inspected the Facility on October 25, 2011, and observed vapors venting from enardo valves on the condensate tanks at the Facility.

7. The DEQ/AQD issued the NOV to Anadarko on December 14, 2011, alleging that Anadarko failed to route vapors from the condensate storage tanks to a combustion device as required by Condition 6 of Permit CT-11433.

8. In lieu of litigation, the DEQ/AQD and Anadarko agree to resolve the violations alleged in the NOV for a total amount of twenty five thousand dollars and no cents (\$25,000.00) as a stipulated civil penalty. Within thirty (30) days after Anadarko has been notified by the DEQ/AQD that the final signature has been affixed to this Agreement, Anadarko shall make full payment by check made payable to the DEQ/AQD. Anadarko shall mail the payment to Nancy Vehr, Sr. Asst. Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

9. Anadarko, 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 for all claims by the DEQ/AQD against Anadarko based on the NOV and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Anadarko for this particular violation.

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

12. This Agreement shall be admissible by either Anadarko or DEQ/AQD (hereinafter Anadarko and 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; provided, however, that nothing herein constitutes an admission by Anadarko 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 the 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 DEQ/AQD do not waive sovereign immunity by entering into this Agreement and specifically retain immunity and all defenses available to them as sovereign pursuant to Wyo. Stat. Ann. § 1-39-104(a) and all other state law.

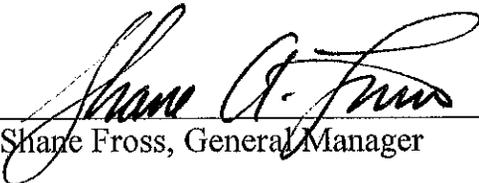
18. The Parties do not intend to create in any other individual or entity the status of third party beneficiary, and this Agreement shall not be construed so as to create such status. The rights, duties and obligations contained in this Agreement shall operate only between the Parties to this Agreement,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

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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.

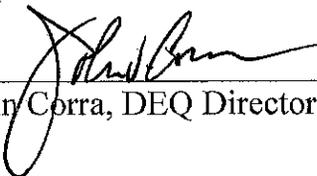
IN WITNESS THEREOF, the Parties, by their duly authorized representatives, have executed this Agreement on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this Agreement:

ANADARKO E&P COMPANY LP:

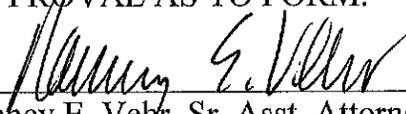
By:  03 APR 12
Shane Fross, General Manager Date

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By:  4-9-12
Steven A. Dietrich Date
AQD Administrator

By:  4/10/12
John Corra, DEQ Director Date

APPROVAL AS TO FORM:

 3/29/2012
Nancy E. Vehr, Sr. Asst. Attorney General Date
Attorney for DEQ/AQD