

## SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division (DEQ/AQD), Herschler Building, 122 West 25th Street, Cheyenne, WY 82002, and BP America Production Company (BP), 501 West Lake Park Boulevard, Houston, TX 77079, enter into this Settlement Agreement (Agreement) to fully and finally resolve without litigation the alleged violations cited in DEQ Notices of Violation Docket Nos. 4933-11 and 4950-12 (Notices of Violation), and additional alleged violations (Additional Alleged Violations). As more fully set forth below, the Notices of Violation and the Additional Alleged Violations generally allege that BP vented vapors and failed to route vapors to emission control devices at the Cabrito 5-25, Cabrito 10-25, Cabrito 15-25, Cabrito 16-25, Cabrito 24-30, Cabrito 41-30, Corona 11-30, Stud Horse Butte 10-22, Stud Horse Butte 16-14, Stud Horse Butte 24-15, Stud Horse Butte 25-22, and Stud Horse Butte 78-15 PAD facilities (Facilities) located in Sublette County, Wyoming, thereby violating the Wyoming Environmental Quality Act (Act), applicable Wyoming Air Quality Standards and Regulations (WAQSR), Conditions 13 and 14 of Permit MD-11118, Condition 14 of Permit MD-7221, Condition 13 of Permit MD-7191, Condition 13 of Permit MD-7087, Condition 7 of Permit MD-6089, Conditions 12 and 13 of Permit CT-9356, Condition 12 of Permit CT-9357, Condition 7 of Permit MD-6819, Condition 13 of Permit MD-7240, Condition 12 of Permit MD-10780, Condition 13 of Permit CT-9360, and Condition 13 of Permit CT-10846.

Wyo. Stat. Ann. § 35-11-901(a)(ii) (2012) authorizes stipulated settlement, including payment of a penalty, implementation of compliance schedules, or other settlement conditions in lieu of litigation. To that end, BP and the DEQ/AQD hereby stipulate and agree as follows:

1. BP is a Delaware corporation that owns and/or operates the Facilities.
2. The DEQ/AQD is the executive branch agency of Wyoming government that is responsible for enforcing the Act, the WAQSR, and permits issued thereunder, including the permits listed above.
3. 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."
4. 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."

5. 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.

6. Permit MD-11118, Notice of Violation No. 4933-11, and First Additional Alleged Violation.

A. Permit MD-11118. On November 29, 2010, the DEQ/AQD issued Permit MD-11118 to BP for the Cabrito 5-25 PAD facility. Condition No. 13 of Permit MD-11118 requires condensate tank vapors to be routed to a combustion device to reduce the mass content of volatile organic compounds and hazardous air pollutants in the tank vapors by at least ninety-eight percent (98%) by weight. Condition No. 14 of Permit MD-11118 requires the dehydration unit's condensed reboiler still vent liquids to be collected and routed to a liquids storage tank and the non-condensable reboiler still vent vapors to be routed to a combustion device to reduce the mass content of total hazardous air pollutant and volatile organic compound emissions in the reboiler still vent vapors by at least ninety-eight percent (98%) by weight.

B. Notice of Violation No. 4933-11. On December 8, 2011, the DEQ/AQD issued Notice of Violation No. 4933-11 to BP alleging that on October 20, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from a thief hatch at the Cabrito 5-25 PAD facility. The DEQ/AQD further alleged that BP's failure to route vapors to the combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 13 of Permit MD-11118.

C. First Additional Alleged Violation. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from the dehydration unit at the Cabrito 5-25 PAD facility. The DEQ/AQD further alleges that BP's failure to route vapors to the combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 14 of Permit MD-11118.

7. Permit MD-7221 and Notice of Violation No. 4950-12.

A. Permit MD-7221. On March 18, 2008, the DEQ/AQD issued Permit MD-7221 to BP for the Corona 11-30 PAD facility. Condition No. 14 of Permit MD-7221 requires the dehydration unit reboiler still vent vapors to be routed to a combustion device to reduce the mass content of total hazardous air pollutant and volatile organic compound emissions in the reboiler still vent vapors by at least ninety-eight percent (98%) by weight.

B. Notice of Violation No. 4950-12. On January 17, 2012, the DEQ/AQD issued Notice of Violation No. 4950-12 to BP alleging that on December 5, 2011, a DEQ/AQD Engineer/Inspector observed an icicle on and vapors venting from a dehydration unit at the Corona 11-30 PAD facility. The DEQ/AQD further alleges that BP's failure to route dehydration unit vapors to the combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 14 of Permit MD-7221.

8. Permit MD-7191 and Second Additional Alleged Violation. On March 25, 2008, the DEQ/AQD issued Permit MD-7191 to BP for the Cabrito 10-25 PAD facility. Condition No. 13 of Permit MD-7191 requires condensate tank vapors to be routed to a common combustion device to reduce the mass content of total hazardous air pollutant and volatile organic compound emissions in the condensate tank vapors by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from three condensate tank thief hatches at the Cabrito 10-25 PAD facility. The DEQ/AQD further alleges that BP's failure to route condensate tank vapors to the common combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 13 of Permit MD-7221.

9. Permit MD-7087 and Third Additional Alleged Violation. On March 25, 2008, the DEQ/AQD issued Permit MD-7087 to BP for the Cabrito 15-25 PAD facility. Condition No. 13 of Permit MD-7087 requires condensate tank vapors to be routed to a common combustion device to reduce the mass content of total hazardous air pollutant and volatile organic compound emissions by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from thief hatches at the Cabrito 15-25 PAD facility. The DEQ/AQD further alleges that BP's failure to route condensate tank vapors to a common combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 13 of Permit MD-7087.

10. Permit MD-6089 and Fourth Additional Alleged Violation. On September 11, 2007, the DEQ/AQD issued Permit MD-6089 to BP for the Cabrito 16-25 PAD facility. Condition No. 7 of Permit MD-6089 requires condensate tank vapors to be routed to a combustion device to reduce the mass content of volatile organic compounds and hazardous air pollutants in the tank vapors by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from thief hatches at the Cabrito 16-25 PAD facility. The DEQ/AQD further alleges that BP's failure to route condensate tank vapors to a combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 7 of Permit MD-6089.

11. Permit CT-9356 and Fifth Additional Alleged Violation. On September 3, 2010, the DEQ/AQD issued Permit CT-9356 to BP for the Cabrito 24-30 PAD facility. Condition No. 12 of Permit CT-9356 requires condensate tank vapors to be routed to a combustion device to reduce the mass content of volatile organic compounds and hazardous air pollutants in the tank vapors by at least ninety-eight percent (98%) by weight. Condition No. 13 of Permit CT-9356 requires the dehydration units' condensed reboiler still vent liquids to be collected and routed to a liquids storage tank and the non-condensable reboiler still vent vapors to be routed to a combustion device to reduce the mass content of total hazardous air pollutant and volatile organic compound emissions in the reboiler still vent vapors by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from two thief hatches and the dehydration unit at the Cabrito 24-30 PAD facility. The DEQ/AQD further alleges that BP's failure to route the vapors from the thief hatches and the dehydration unit still vent vapors to the combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition Nos. 12 and 13 of Permit MD-9356.

12. Permit CT-9357 and Sixth Additional Alleged Violation. On September 3, 2010, the DEQ/AQD issued Permit CT-9357 to BP for the Cabrito 41-30 PAD facility. Condition No. 12 of Permit CT-9357 requires condensate tank vapors to be routed to a combustion device to reduce the mass content of volatile organic compounds and hazardous air pollutants in the tank vapors by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from a thief hatch at the Cabrito 41-30 PAD facility. The DEQ/AQD further alleges that BP's failure to route condensate tank vapors to a combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 12 of Permit CT-9357.

13. Permit MD-6819 and Seventh Additional Alleged Violation. On November 27, 2007, the DEQ/AQD issued Permit MD-6819 to BP for the Stud Horse Butte 10-22 PAD facility. Condition No. 7 of Permit MD-6819 requires condensate tank vapors to be routed to a combustion device to reduce the mass content of volatile organic compounds and hazardous air pollutants in the tank vapors by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from two thief hatches at the Stud Horse Butte 10-22 PAD facility. The DEQ/AQD further alleges that BP's failure to route condensate tank vapors to a combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 7 of Permit MD-6819.

14. Permit MD-7240 and Eighth Additional Alleged Violation. On April 1, 2008, the DEQ/AQD issued Permit MD-7240 to BP for the Stud Horse Butte 16-14 PAD facility. Condition No. 13 of Permit MD-7240 requires condensate tank vapors to be

routed to a combustion device to reduce the mass content of volatile organic compounds and hazardous air pollutants in the tank vapors by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from a thief hatch at the Stud Horse Butte 16-14 PAD facility. The DEQ/AQD further alleges that BP's failure to route condensate tank vapors to a combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 13 of Permit MD-7240.

15. Permit MD-10780 and Ninth Additional Alleged Violation. On September 7, 2010, the DEQ/AQD issued Permit MD-10780 to BP for the Stud Horse Butte 24-15 PAD facility. Condition No. 12 of Permit MD-10780 requires condensate tank vapors to be routed to a combustion device to reduce the mass content of volatile organic compounds and hazardous air pollutants in the tank vapors by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from a thief hatch at the Stud Horse Butte 24-15 PAD facility. The DEQ/AQD further alleges that BP's failure to route condensate tank vapors to a combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 12 of Permit MD-10780.

16. Permit CT-9360 and Tenth Additional Alleged Violation. On September 7, 2010, the DEQ/AQD issued Permit CT-9360 to BP for the Stud Horse Butte 25-22 PAD facility. Condition No. 13 of Permit CT-9360 requires condensate tank vapors to be routed to a combustion device to reduce the mass content of volatile organic compounds and hazardous air pollutants in the tank vapors by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from three thief hatches at the Stud Horse Butte 25-22 PAD facility. The DEQ/AQD further alleges that BP's failure to route condensate tank vapors to a combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and Condition No. 13 of Permit CT-9360.

17. Permit CT-10846 and Eleventh Additional Alleged Violation. On September 8, 2010, the DEQ/AQD issued Permit CT-10846 to BP for the Stud Horse Butte 78-15 PAD facility. Condition No. 13 of Permit CT-10846 requires condensate tank vapors to be routed to a combustion device to reduce the mass content of volatile organic compounds and hazardous air pollutants in the tank vapors by at least ninety-eight percent (98%) by weight. The DEQ/AQD alleges that on December 6, 2011, a DEQ/AQD Engineer/Inspector observed vapors venting from a thief hatch at the Stud Horse Butte 78-15 PAD facility. The DEQ/AQD further alleges that BP's failure to route condensate tank vapors to a combustion device and venting vapors to atmosphere violated the Act, the WAQSR, and condition No. 13 of Permit CT-10846.

18. In lieu of litigation under Wyo. Stat. Ann. § 35-11-901(a)(ii), the DEQ/AQD and BP agree that BP shall pay the DEQ/AQD ninety-one thousand dollars and no cents (\$91,000.00) as a stipulated penalty to resolve the Additional Alleged Violations and the Notices of Violation. BP shall make full payment by check made payable to the Wyoming Department of Environmental Quality, Air Quality Division, within thirty (30) days after BP has been notified by the DEQ/AQD that the final signature has been affixed to this Agreement. BP shall mail the payment to Nancy Vehr, Sr. Asst. Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

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

20. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against BP based on the Notices of Violation and the Additional Alleged Violations and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against BP for these particular alleged violations.

21. In the event that BP fails to fulfill its obligations under this Agreement, BP waives any statute of limitations which may apply to an enforcement action by the DEQ/AQD involving the specific matters alleged in the Notices of Violation and the Additional Alleged Violations.

22. This Agreement shall be admissible by either BP or the DEQ/AQD (hereinafter BP and the 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; provided, however, that nothing herein constitutes an admission by BP of liability, fault or noncompliance.

23. Neither Party shall have any claim against the other for attorney fees or other costs incurred with the resolution of these allegations, 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.

24. 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.

25. 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.

26. This Agreement consisting of eight (8) pages represents the entire and integrated Agreement between the Parties and supersedes all prior negotiations, representations, and agreements, whether written or oral.

27. 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.

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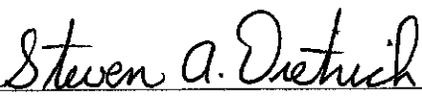
29. Each Party represents that they are authorized to enter into this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

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.

BP AMERICA PRODUCTION COMPANY:

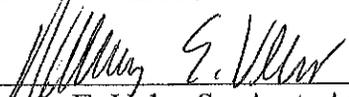
By:  Date 11/5/12  
Mark Gates, Area Operations Mgr. - Wyoming

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By:  Date 10-15-12  
Steven A. Dietrich, AQD Administrator

By:  Date 10/16/12  
John Corra, DEQ Director

APPROVAL AS TO FORM:

 Date 10/12/2012  
Nancy E. Yehr, Sr. Asst. Attorney General  
Attorney for DEQ/AQD