

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 Onshore LLC, P.O. Box 173779, Denver, CO 80217-3779 (Anadarko), enter into this Settlement Agreement (Agreement) to fully and finally resolve without litigation the alleged violations cited in DEQ Notice of Violation Docket No. 5164-13 (Notice of Violation). As more fully set forth below, the Notice of Violation alleges that Anadarko failed to continuously monitor the flow rate to the flare and determine the monthly sulfur dioxide emissions at its Sussex B-2 Tensleep and C Production Battery facility (Facility) located in Johnson County, Wyoming, thereby violating the Wyoming Environmental Quality Act (Act), applicable Wyoming Air Quality Standards and Regulations (Air Quality Rules), and Condition 19 of Permit MD-1247.

Wyo. Stat. Ann. § 35-11-901(a)(ii) (West 2012) 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, a Delaware limited liability company, owns and operates the Facility.
2. The DEQ/AQD is responsible for enforcing the Act, the Air Quality Rules, and Permit MD-1247.
3. Wyo. Stat. Ann. § 35-11-801(c) provides: “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 Air Quality Rules 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 Air Quality Rules provides: “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. On September 27, 2005, the DEQ/AQD issued Permit MD-1247 to Anadarko for the Facility. Permit Condition No. 19 required Anadarko to “continuously monitor the flow rate to the flare” and take weekly gas samples to determine the hydrogen sulfide concentration of the gas being combusted at the flare. Permit Condition No. 19 also required Anadarko to determine the monthly sulfur dioxide emission rate by using the average measured hydrogen sulfide concentration for the month and the average inlet flow rate for the month[.]”

7. On April 23, 2013, Anadarko reported that it had not monitored the monthly sulfur dioxide emission rate since November 4, 2010, when the Facility’s flare gas meter malfunctioned.

8. On May 14, 2013, the DEQ/AQD issued the Notice of Violation to Anadarko alleging that Anadarko failed to continuously monitor the flow rate to the flare and determine the monthly sulfur dioxide emissions at the Facility.

9. Without admitting liability, and in lieu of litigation pursuant to Wyo. Stat. Ann. § 35-11-901(a)(ii), Anadarko agrees to pay to the DEQ/AQD the amount of ten thousand dollars and no cents (\$10,000.00) as a stipulated penalty amount to resolve the violations alleged in the Notice of Violation. Anadarko shall make full payment by check made payable to the Wyoming DEQ/AQD, within thirty (30) days after Anadarko has been notified by DEQ/AQD that the final signature has been affixed to this Agreement. Anadarko shall mail the payment to Nancy Vehr, Sr. Asst. Attorney General, 123 Capitol Building, Cheyenne, WY 82002.

10. Anadarko, 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 the Notice of Violation.

11. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against Anadarko based on the Notice of Violation and, solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Anadarko for this particular alleged violation. By this Settlement Agreement, the Parties intend to resolve all allegations that were asserted in the Notice of Violation.

12. In the event that Anadarko fails to fulfill its obligations under this Agreement, Anadarko waives any statute of limitation claims that may apply in an enforcement action by the DEQ/AQD involving the specific matters described in the Notice of Violation.

13. This Agreement shall be admissible by either Anadarko or the DEQ/AQD (hereinafter Anadarko 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 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.

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.

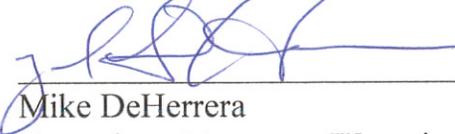
18. The State of Wyoming and the DEQ/AQD do not waive sovereign immunity by entering into this Agreement and specifically retain immunity and all defenses available to them as sovereigns pursuant to Wyo. Stat. Ann. § 1-39-104(a) and all other state law.

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.

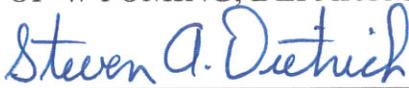
20. Each Party represents that they are authorized to enter into this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

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:

ANADARKO E&P ONSHORE LLC:

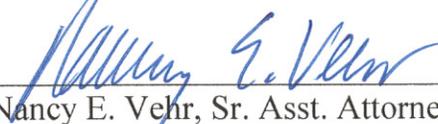
By:  6/21/13
Mike DeHerrera Date
Operations Manager - Wyoming

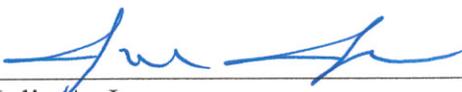
STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY

By:  6-27-13
Steven A. Dietrich, AQD Administrator Date

By:  6/28/13
Todd Parfitt, DEQ Director Date

APPROVAL AS TO FORM:

 6/10/13
Nancy E. Vehr, Sr. Asst. Attorney General Date
Attorney for DEQ/AQD

 6/18/13
Julia A. Jones Date
Counsel for Anadarko