

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 Nos. 5034-12 and 5036-12 (Notices of Violation). As more fully set forth below, Notice of Violation Docket No. 5034-12 alleges that Anadarko failed to obtain a construction permit before constructing or modifying the PH Livestock 22-31 CDM multiple wellsite facility (PH Facility) located in Sweetwater County, Wyoming, thereby violating the Wyoming Environmental Quality Act (Act) and applicable Wyoming Air Quality Standards and Regulations (Air Quality Rules). Notice of Violation Docket No. 5036-12 alleges that Anadarko failed to route vapors from the condensate tanks to the combustion device at the LP Standard Draw 24, 43, 44-19D PAD facility (LP Facility) located in Carbon County, Wyoming, thereby violating the Wyoming Environmental Quality Act (Act), applicable Wyoming Air Quality Standards and Regulations (Air Quality Rules) and Condition 6 of Permit No. CT-8009.

Wy. 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 PH Facility and the LP Facility.
2. The DEQ/AQD is responsible for enforcing the Act, the Air Quality Rules, and Permit CT-8009.
3. Notice of Violation No. 5034-12.

A. 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."

B. 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.”

C. The DEQ/AQD issued Air Quality Rule 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 Guidance defines and describes Concentrated Development Areas. Unless a DEQ/AQD construction permit has been obtained prior to startup, the Guidance requires new facilities located in a Concentrated Development Area to file an air quality construction permit application within 90 days of the First Date of Production. The Guidance also requires new facilities located in a Concentrated Development Area to install and operate controls for all new and all existing flashing emissions upon First Date of Production.

D. Anadarko’s PH Facility is located in a Concentrated Development Area.

E. The First Date of Production for Anadarko’s PH Facility was August 31, 2011.

F. The DEQ/AQD alleges that Anadarko was required to file an air quality construction permit application for the PH Facility on or before November 29, 2011. The DEQ/AQD received Anadarko’s air quality construction permit application for the PH Facility on July 10, 2012. The DEQ/AQD alleges that Anadarko violated the Act and the Air Quality Rules by failing to submit an air quality construction permit application for the PH Facility within 90 days of the First Date of Production.

G. On June 28, 2012, a DEQ/AQD inspector observed vapors leaking from thief hatches and Enardo valves on condensate tanks and water tanks at the PH Facility. The DEQ/AQD alleges that Anadarko violated the Act and the Air Quality Rules by failing to install and operate controls for the flashing emissions upon First Date of Production of the PH Facility.

H. On August 14, 2012, the DEQ/AQD issued Notice of Violation No. 5034-12 to Anadarko alleging that Anadarko’s failure to obtain a construction permit prior to constructing or modifying the PH Facility and failure to control flashing emissions upon First Date of Production violated the Act and the Air Quality Rules:

4. Notice of Violation No. 5036-12 and Permit No. CT-8009.

A. Wyo. Stat. Ann. § 35-11-801(a) provides: “[i]n 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.”

B. Chapter 6, Section 2(f) of the Air Quality Rules provides that the DEQ/AQD, “may impose any reasonable conditions upon an approval to construct, modify or operate[.]”

C. On September 5, 2008, the DEQ/AQD issued Permit CT-8009 to Anadarko for the LP Facility. Permit Condition No. 6 requires Anadarko to route condensate tank vapors to a combustion device.

D. On June 21, 2012, a DEQ/AQD Engineer/Inspector observed vapors venting from a thief hatch at the LP Facility.

E. On August 20, 2012, the DEQ/AQD issued Notice of Violation No. 5036-12 to Anadarko alleging that Anadarko’s failure to route condensate tank vapors to the combustion device at the LP Facility violated the Act, the Air Quality Rules, and Permit No. CT-8009.

5. 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 fifty thousand dollars and no cents (\$50,000.00) as a stipulated penalty amount to resolve the violations alleged in Notices of Violation Nos. 5034-12 and 5036-12. 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 Jeremiah I. Williamson, Assistant Attorney General, 123 State Capitol, Cheyenne, WY 82002.

6. 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 Notices of Violation Nos. 5034-12 or 5036-12.

7. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against Anadarko based on Notices of Violation Nos. 5034-12 and 5036-12, and solely in reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Anadarko for these particular

alleged violations. By this Settlement Agreement, the Parties intend to resolve all allegations that were asserted in Notices of Violation Nos. 5034-12 and 5036-12.

8. 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 Notices of Violation Nos. 5034-12 or 5036-12.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

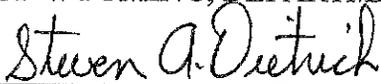
16. Each Party represents that they are authorized to enter into this Agreement and agree to be bound hereby. This Agreement shall become binding upon the Parties once executed by all Parties.

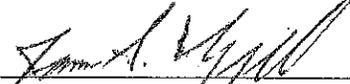
IN WITNESS THEREOF, the Parties, by their duly authorized representatives, have executed this Agreement on the days and dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this Agreement:

ANADARKO E&P ONSHORE/LLC:

By:  3/3/14
Mike DeHerrera Gray McIntosh Date
Operations Manager - Wyoming

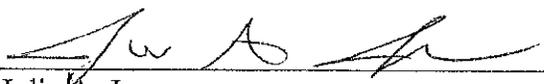
STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY

By:  4-1-14
Steven A. Dietrich, AQD Administrator Date

By:  4/2/14
Todd Parfitt, DEQ Director Date

APPROVAL AS TO FORM:

 3/24/14
Jeremiah I. Williamson Date
Attorney for DEQ/AQD

 3/12/14
Julia A. Jones Date
Counsel for Anadarko