

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division (“DEQ/AQD”), Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002, and Devon Energy Production Company, L.P. (“Devon Energy”), 333 West Sheridan Avenue, Oklahoma City, Oklahoma, 73102, enter into this Settlement Agreement (“Agreement”) to fully and finally resolve without litigation the alleged violations cited in the DEQ/AQD Notices of Violation docket numbers 5108-13, 5109-13, and 5122-13 (“Notices of Violation”). The Notices of Violation alleged that Devon Energy violated the Wyoming Air Quality Standards and Regulations (“Air Quality Rules”) by failing to comply with permit requirements regarding routing and venting vapors at the Tierney Section 14 PAD facility (Permit CT-13364), the East Echo Springs Compressor Station (Permit MD-10189), and the Wamsutter 2-14-20-94 PAD facility (Permit CT-12666).

Wyo. Stat. Ann. § 35-11-901(a)(ii) (2013) authorizes stipulated settlement, including payment of a penalty, implementation of compliance schedules, or other settlement conditions in lieu of litigation. To that end, Devon Energy and the DEQ/AQD hereby agree as follows:

1. Devon Energy is an Oklahoma limited partnership, authorized to conduct business in the State of Wyoming, that owns and or operates the Tierney Section 14 PAD facility, the East Echo Springs Compressor Station, and the Wamsutter 2-14-20-94 PAD facility.

2. The DEQ/AQD is the executive branch agency of Wyoming government responsible for enforcing the Air Quality Rules.

3. Chapter 6, Section 2(a)(i) of the Air Quality Rules requires a person to obtain a permit from DEQ/AQD prior to constructing, modifying, or using a facility or source that “may cause the issuance of or an increase in the issuance of air contaminants[.]”

4. Chapter 8 of the Wyoming Environmental Quality Act authorizes the Director of the DEQ/AQD to include conditions within such permits.

5. On January 14, 2013, DEQ/AQD issued Notice of Violation number 5108-13 to Devon Energy alleging that Devon Energy had violated Condition 18 of Permit CT-13364, issued on July 24, 2012, for the Tierney Section 14 PAD facility.

6. On January 14, 2013, DEQ/AQD also issued Notice of Violation number 5109-13 to Devon Energy. This Notice of Violation alleged that Devon Energy had violated Condition 18 of Permit MD-10189, issued on August 16, 2010, for the East Echo Springs Compressor Station.

7. On January 30, 2013, DEQ/AQD issued Notice of Violation number 5122-13 to Devon Energy alleging that Devon Energy had violated Condition 18 of Permit CT-12666, issued on January 31, 2012, for the Wamsutter 2-14-20-94 PAD facility.

8. Without admitting liability, and in lieu of litigation pursuant to Wyo. Stat. Ann. § 35-11-901(a)(ii), Devon Energy agrees to pay to the DEQ/AQD the amount of thirty thousand dollars and no cents (\$30,000.00) as a stipulated penalty to resolve the violations alleged in the aforementioned Notices of Violation. Devon Energy agrees to make full payment by check made payable to the Wyoming DEQ/AQD, within thirty (30) days after Devon Energy has been notified by DEQ/AQD that the final signature has been affixed to this Agreement. Devon Energy agrees to mail the payment to Jeremiah Williamson, Assistant Attorney General, 123 State Capitol, Cheyenne, WY 82002.

9. Devon Energy, by entering into this Agreement, does not concede or admit any liability, fault, or statutory noncompliance. Except as specifically provided for herein, nothing in this Agreement shall prejudice, waive, or impair any right, remedy, or defense that Devon Energy may have against any entity.

10. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against Devon Energy arising from the allegations contained within the Notices of Violation and this Agreement. In reliance on this Agreement, the DEQ/AQD will refrain from taking further enforcement action against Devon Energy for these particular alleged violations. By this Agreement, the Parties intend to resolve with prejudice all allegations that contained within the Notices of Violation and this Agreement.

11. In the event that Devon Energy fails to fulfill its obligations under this Agreement, Devon Energy waives any statute of limitation claims that may apply in an enforcement action by the DEQ/AQD involving the specific matters described in the Notices of Violation and otherwise set forth in this Agreement.

12. This Agreement shall be admissible by either Devon Energy or the DEQ/AQD without objection by the other party in any action between DEQ/AQD and Devon Energy relating to the violations alleged herein.

13. Each party assumes the risk of any liability arising from its own conduct. Neither party agrees to insure, defend, or indemnify the other. Neither DEQ/AQD nor Devon Energy shall have any claim against the other for attorneys' fees, or any other costs related to the preparation and resolution of this Agreement.

14. Any changes, modifications, revisions, or amendments to this Agreement are invalid unless mutually agreed upon by both parties, incorporated by written instrument, executed, and signed by all parties to this Agreement.

15. The laws of the State of Wyoming shall govern the construction, interpretation, and enforcement of this Agreement. 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 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.

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 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.

19. In the event that Devon Energy assigns any or all of its proprietary interest in Tierney Section 14 PAD facility, East Echo Springs Compressor Station, or Wamsutter 2-14-20-94 PAD facility, DEQ/ACQ reserves the right to enforce this Agreement against any subsequent owners.

20. Each party represents that they are authorized to enter into this Agreement, agrees to comply with and to be bound by the terms of this Agreement, and further agrees that they will not contest the basis or validity of this Agreement. This Agreement shall become binding upon the parties once executed.

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:

DEVON ENERGY:

By:  4-14-14
Robert Hart Date
Manager Production Engineering

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By:  4-17-14
Steven A. Dietrich, AQD Administrator Date

By:  4/18/14
Todd Parfitt, DEQ Director Date

APPROVAL AS TO FORM:

 4/17/14
Jeremiah Williamson Date
Assistant Attorney General
Attorney for DEQ/AQD