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 Notice of Violation docket number 5427-14 ("Notice of Violation"). The Notice of Violation alleged that Devon Energy violated the Wyoming Air Quality Standards and Regulations ("Air Quality Rules") by failing to control and route its vapor emissions pursuant to Permit CT-10542 at the Wamsutter 4-12-20-94 PAD facility, located in Sweetwater County, Wyoming ("Facility").

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 do business in Wyoming. Devon Energy is the owner and operator of the Facility.

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

3. Wyo. Stat. Ann. § 35-11-201 provides, "[n]o 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 [environmental quality] council."

4. Wyo. Stat. Ann. § 35-11-801 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. On January 13, 2011, DEQ/AQD issued Permit CT-10542 to Devon Energy for the Facility. Condition 10 of the permit reads:

> "Emission control equipment, including the VOC and HAP emission control system or device, all vent lines, connections, fittings, valves, relief valves, hatches or any other appurtenance employed to contain and collect vapors and transport them to the emission control system or device, shall be maintained and operated during any time the well is producing such that the emissions are controlled at all times[.]"

6. On April 15, 2014, DEQ/AQD Inspector Mr. Travis Guthrie observed vapors venting from a condensate tank thief hatch and Enardo valves on two water tanks, in apparent violation of Condition 10 of Permit CT-10542.

7. On June 5, 2014, DEQ/AQD issued Notice of Violation 5427-14 to Devon Energy. The Notice of Violation alleged that Devon Energy was in violation of Condition 10 of Permit CT-10542. The alleged violation was that Devon Energy was allowing vapors to vent instead of properly routing the vapors to the emission control devices.

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 seven thousand dollars ($7,000) 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 Ann Shed, DEQ/AQD, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 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 Notice 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 are contained within the Notice 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 Notice of Violation or 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. DEQ/AQD reserves the right to enforce this Agreement against any and all subsequent owners and operators.

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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 PRODUCTION COMPANY, L.P.:

By: Robert E. Hoot 1-7-15
Date

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By: Steven A. Dietrich 1-8-15
Steven A. Dietrich, AQD Administrator Date

By: 1/9/15
Todd Parfitt, DEQ Director Date

APPROVAL AS TO FORM:

1/14/15
Elizabeth Lyon Date
Assistant Attorney General
Attorney for DEQ/AQD