

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Air Quality Division (“DEQ/AQD”), Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002, and Richardson Operating Company, 4725 S. Monaco Street, Suite 200, Denver, Colorado, 80237, enter into this Settlement Agreement (“Agreement”) to fully and finally resolve without litigation the alleged violations cited in the Notice of Violation Docket Number 5161-13 (“Notice of Violation”). The Notice of Violation alleged that Richardson Operating Company violated the Wyoming Environmental Quality Act (“the Act”), the Wyoming Air Quality Standards and Regulations (“Air Quality Rules”), and Permit CT-4405A by having an unpermitted, uncontrolled engine, and failing to properly control emissions from the dehydration unit, at the Fuller Compressor Station, located in Fremont County, Wyoming (“Facility”).

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

1. Richardson Operating Company is a Colorado company that owns and operates the Facility.

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

3. The Act 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. The Act 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 July 8, 2008, DEQ/AQD issued Permit CT-4405A (“Permit”) to Encana Oil & Gas (USA) for the Facility. This Facility and Permit transferred to Richardson Operating Company on or about August 31, 2009.

6. Condition 9 of the Permit limits engine configuration at the Facility as follows:

“That the engine configuration for the Fuller Compression Station shall be limited to one (1) Caterpillar G3512LE engine equipped with an oxidation catalyst and an AFRC.”

7. Condition 15 of the Permit requires vapor control as follows:

“[The operator of the Facility] shall maintain and operate the combustion device during all periods of active operation of the dehydration units such that the controls remain effective as a viable emissions control device.”

8. On April 15, 2013, DEQ/AQD Inspector Greg Meeker observed an unpermitted Waukesha H24GL without controls operating at the Facility. Mr. Meeker further observed that the permitted dehydration unit at the Facility was operating without controls.

9. On May 14, 2013, DEQ/AQD issued Notice of Violation 5161-13 to Richardson Operating Company. The Notice of Violation alleged that Richardson Operating Company was in violation of Conditions 9 and 15 of the Permit. The alleged violations were that Richardson Operating Company had an unpermitted and uncontrolled engine at the Facility, and also failed to control the dehydration unit as required.

10. Without admitting liability, and in lieu of litigation pursuant to Wyo. Stat. Ann. § 35-11-901(a)(ii), Richardson Operating Company agrees to pay to the DEQ/AQD the amount of two thousand dollars (\$2,000) as a stipulated penalty to resolve the violations alleged in the aforementioned Notice of Violation. Richardson Operating Company agrees to make full payment by check made payable to the Wyoming DEQ/AQD, within thirty (30) days after Richardson Operating Company has been notified by DEQ/AQD that the final signature has been affixed to this Agreement. Richardson Operating Company agrees to mail the payment to Ann Shed, Compliance Program Principal, DEQ/AQD, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002.

11. Richardson Operating Company, 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 Richardson Operating Company may have against any entity.

12. Full compliance with this signed Agreement shall constitute full satisfaction for all claims by the DEQ/AQD against Richardson Operating Company 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 Richardson Operating Company 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.

13. In the event that Richardson Operating Company fails to fulfill its obligations under this Agreement, Richardson Operating Company 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.

14. This Agreement shall be admissible by either Richardson Operating Company or the DEQ/AQD without objection by the other party in any action between DEQ/AQD and Richardson Operating Company relating to the violations alleged herein.

15. 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 Richardson Operating Company shall have any claim against the other for attorneys' fees, or any other costs related to the preparation and resolution of this Agreement.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. In the event that Richardson Operating Company assigns any or all of its proprietary interest in the Facility, Wyoming, DEQ/AQD reserves the right to enforce this Agreement against any and all subsequent owners and operators.

[INTENTIONALLY LEFT BLANK]

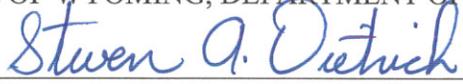
22. Each party represents that they are authorized to enter into this Agreement, agrees to comply with and to be bound by the terms of this Agreement, and further agrees that they will not contest the basis or validity of this Agreement. This Agreement shall become binding upon the parties once executed.

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:

RICHARDSON OPERATING COMPANY:

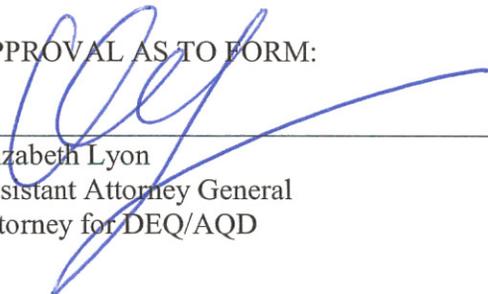
By:  Date 8-3-15
David Richardson, Jr. President

STATE OF WYOMING, DEPARTMENT OF ENVIRONMENTAL QUALITY:

By:  Date 8-6-15
Steven A. Dietrich, AQD Administrator

By:  Date 8/10/15
Todd Parfitt, DEQ Director

APPROVAL AS TO FORM:

 Date 8/13/15
Elizabeth Lyon
Assistant Attorney General
Attorney for DEQ/AQD