

**WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY
LAND QUALITY DIVISION**

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality, Land Quality Division (WDEQ/LQD) and Anadarko Petroleum Corporation, (Anadarko) a company authorized to do business in Wyoming, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in **Notice of Violation (NOV) Docket Number 4498-09, dated June 3, 2009**. The Notice of Violation (NOV) alleges that materials from the mining operation had been pushed over the natural escarpments and affecting areas where topsoil has not been salvaged at LMO 1354ET.

NOV Docket Number 4498-09 contained a third violation that alleged Anadarko also hauled solid wastes to LMO 1354ET for disposal. Discussions with the landowner and Anadarko representatives indicated that the landowner was responsible for hauling the materials into the pit area and burying them in an adjacent draw. Therefore, the alleged violation for burial of solid wastes at LMO 1354ET by Anadarko is removed from this NOV.

The site of the remaining violations is located in Section 23, Township 45 North, Range 77 West. This is a violation of the Wyoming Environmental Quality Act (Act) and applicable Wyoming Department of Environmental Quality/Land Quality Non-Coal Rules and Regulations (WDEQ/LQD NC R&R). W.S. §35-11-901(a)(ii) authorizes the WDEQ to negotiate a stipulated settlement, including payment of a penalty, in lieu of litigation. To that end, Anadarko and the WDEQ/LQD hereby stipulate and agree as follows:

1. The WDEQ, pursuant to W.S. §35-11-104, is a department in the executive branch of the state government of Wyoming and is principally situated in Cheyenne, Wyoming. DEQ is the agency with the responsibility for administering the Wyoming Environmental Quality Act including all provisions of the WDEQ/LQD R&R.
2. Anadarko is the applicant for gravel mining operation with Chapman Contracting, Inc. as operator of the pit located in Johnson County, Wyoming, in Section 23, Township 45 North, Range 77 West. As part of its operation, Anadarko mines mineral from this site and distributes or sells the mineral mined for commercial use.
3. Pushing or dumping materials over natural escarpments is a violation of the Department of Environmental Quality, Land Quality Division Non-coal Rules and Regulations Chapter 10, section 4.(c)
4. Affecting areas where topsoil has not been salvaged is a violation of the Department of Environmental Quality, Land Quality Division Non-coal Rules and Regulations Chapter 3, Section 2(c)(i)(A).
5. Without admitting any of the factual allegations or liability therefore, in order to expeditiously resolve this matter without litigation pursuant to W.S. §35-11-901(a)(ii), Anadarko agrees to pay a total penalty of One Thousand, Five Hundred Dollars (\$1,500.00) for the violations stated in Items 3 and 4 above attributable as follows - , Seven Hundred Fifty Dollars (\$750.00) for the violation alleged in Item 3 above, and Seven Hundred Fifty Dollars (\$750.00) for the violation alleged in Item 4 above. Anadarko shall pay \$1,500.00 directly to the WDEQ/LQD. Payment is due and payable within thirty (30) days of full execution of this Settlement Agreement. Payment to WDEQ/LQD shall be by check made payable to the Wyoming Department of Environmental Quality/Land Quality Division and shall be sent to: Donald R. McKenzie, Administrator, Wyoming Department of Environmental Quality, Land Quality Division, Herschler Building, 3 Floor-West, 122 West 25th Street, Cheyenne, Wyoming 82002.
6. In addition to payment of the penalties set forth in Item 5., by August 31, 2009, Anadarko will remove materials pushed over embankments onto native topsoil, minimizing additional disturbance of undisturbed soils or vegetation. The area requiring this action is

shown in Photo Number 1. of Mr. David Schellinger's July 15, 2009 inspection report. Implementing required remediation practices to prevent erosion into ravines adjacent to LMO 1354ET will be allowed.

7. This signed Settlement Agreement and payment by Anadarko as specified above shall constitute full satisfaction for and resolution of all claims by the WDEQ/LQD against Anadarko, based on the violations alleged in Notice of Violation Docket No. 4498-09. Contingent upon Anadarko's compliance with the terms of this Settlement Agreement, the WDEQ/LQD will refrain from taking further enforcement action against Anadarko for these particular violations cited in this Settlement Agreement. By this Settlement Agreement, the parties intend to resolve with prejudice all allegations that were asserted in NOV Docket No. 4498-09.
8. Anadarko waives any statute of limitations which may apply to an enforcement action by the WDEQ/LQD involving the specific matters described in Notice of Violation Docket No. 4498-09.
9. Nothing in this agreement precludes WDEQ/LQD from taking additional enforcement action, including the issuance of a Notice of Violation, Order and/or pursuing additional penalties, should Anadarko violate the Wyoming Environmental Quality Act or applicable rules and regulations in the future.
10. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
11. Notwithstanding any other language in this Settlement Agreement, the State of Wyoming and WDEQ do not waive sovereign immunity by entering into this Settlement Agreement with Anadarko and specifically retain all immunity and all defenses available as sovereigns under state and federal law.
12. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.
13. **This Settlement Agreement is binding upon Anadarko its successors and assigns, and upon the WDEQ.**
14. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.

FOR: Anadarko Petroleum Corporation

Signed: Douglas R. Nath

Date: 8/18/09

Typed: Douglas R. Nath

Title: General Manager

FOR: The Wyoming Department of Environmental Quality



John V. Corra, Director
WDEQ

Date: 8/24/09



Donald R. McKenzie, Administrator
WDEQ/Land Quality Division

Date: 08/24/09

JVC/RAC/DS

cc: Mark Rogaczewski, WDEQ/LQD, District III
Docket Number 4498-09