

Settlement Agreement

The Wyoming Department of Environmental Quality, Solid and Hazardous Waste Division (DEQ/SHWD) and Burlington Resources Oil & Gas Company LP, enter into this Settlement Agreement to fully and finally resolve without litigation the violations alleged in Notice of Violation No. 4338-08, dated September 2, 2008. The Notice of violation alleges that: 1) Burlington Resources Oil & Gas Company LP, is in violation of the Wyoming Environmental Quality Act (ACT) and applicable Solid and Hazardous Waste Rules & Regulations or permit conditions.

W.S. 35-11-901(a)(ii) authorizes the DEQ to negotiate a stipulated settlement, including payment of a penalty, compliance schedules, or other enforcement conditions, in lieu of litigation. Burlington Resources Oil & Gas Company LP, without admitting liability or responsibility for any alleged violations(s), also seeks to settle the matter(s) alleged herein, in lieu of litigation. To that end, Burlington Resources Oil & Gas Company LP, and DEQ/SHWD hereby stipulate and agree as follows:

1. The DEQ/SHWD is responsible for enforcing the Solid and Hazardous Waste Rules & Regulations:

2. Burlington Resources Oil & Gas Company LP, operates a facility in Lysite, WY, the Lost Cabin gas plant.

3. Under Wyoming SWRR, Chapter 1, Section 1(h)(l), prohibits burning of solid wastes that are not exempted from Chapter 1, Section 1(l). The DEQ/SHWD allege that the waste pyrophoric filters shipped from the Burlington Resources Oil & Gas Company LP Lost Cabin gas plant were not exempt from Chapter 1, Section 1(h)(l) and that Burlington Resources Oil & Gas Company LP, was therefore in violation of SWRR, Chapter 1, Section 1(h)(i) for allowing conditions leading to open burning of the pyrophoric filter waste.

In addition, Wyoming Hazardous Waste Rules & Regulations (HWRR), Chapter 1, Section 1(k) Imminent Hazard, states:

"Notwithstanding any other provision of the Act, upon evidence that the past or present handling, storage, treatment, transportation or disposal of any waste material or hazardous waste may present an imminent and substantial endangerment to health or the environment, the Attorney General may bring suit on behalf of the people of the State of Wyoming against any person (including any past or present generator, past or present transporter, or past or present owner or operator of a treatment, storage or disposal facility) who has contributed or who is contributing to such handling, storage, treatment, transportation or disposal to restrain such person from such handling, storage, treatment, transportation, or disposal, to order such person to take such other action as may be necessary, or both. The Director may also take other action under section 1(k) of this chapter including, but not limited to, issuing such orders as may be necessary to protect public health and the environment."

The DEQ/SHWD, allege that Burlington Resources Oil & Gas Company LP, failed to adequately identify hazards associated with its wastes and apply adequate controls during transportation/disposal of wastes at the Shoshoni landfill which posed risks to landfill personnel and the public with transportation/disposal of evaporative cooler filter wastes that due to relatively high arsenic content of the waste posed a risk of uncontrolled dispersal of dust.

4. Since receiving the Notice of Violation No. 4338-08, on or about September 2, 2008, Burlington Resources Oil & Gas Company LP, has discontinued transporting and disposing of any industrial filter wastes at the Shoshoni Landfill. All industrial filter wastes are being drummed and shipped through Safety-Kleen for proper disposal until a more efficient management plan and further waste characterization has been made.
5. Burlington Resources Oil & Gas Company LP, in accordance with this Settlement Agreement, agrees to pay a total of \$76,300 dollars to the Solid and Hazardous Waste Division, and \$1,200 to the Fremont County Solid Waste Disposal District, to settle the alleged violations. Such payments shall be made within sixty (60) days of the effective date of this Settlement Agreement by check for the amount of \$1,200 to the Fremont County Solid Waste Disposal District and by check for the amount of \$76,300 payable to the Wyoming Department of Environmental Quality and addressed to the Wyoming Department of Environmental Quality, Attention: WDEQ/SHWD, Herschler Building, 4th Floor West Wing, 122 W. 25th Street, Cheyenne, WY 82002.
6. Burlington Resources Oil & Gas Company LP's, full compliance with the terms of this Settlement Agreement shall constitute satisfaction for all DEQ/SHWD's present and future common law, statutory and regulatory claims which arise out of the facts, transactions, or events which were alleged in the NOV on the basis of knowledge the DEQ actually had at the time of issuing the Notice of Violation No. 4338-08 against Burlington Resources Oil & Gas Company LP's. Contingent on Burlington Resource Oil & Gas Company LP, compliance with the terms of this Settlement Agreement, DEQ will refrain from taking further enforcement action against Burlington Resource Oil & Gas Company LP, for these alleged acts or omissions.
7. Burlington Resources Oil & Gas Company LP, waives any statute of limitations which may apply to an enforcement action by the DEQ/SHWD involving the specific matters described in Notice of Violation No. 4338-08 in the event that Burlington Resources Oil & Gas Company LP, fails to fulfill its obligations under this Settlement Agreement.
8. This Settlement Agreement shall be admissible by either party without objection by the other party in any subsequent action between these parties.
9. Each party shall bear its own attorney fees and costs, if any, incurred through the date this Settlement Agreement is signed by both parties.

10. This Settlement Agreement is binding upon Burlington Resources Oil & Gas Company LP, its successors and assigns, and upon the DEQ.
11. This Settlement Agreement may only be amended in writing, signed by both parties.
12. The State of Wyoming and the Department of Environmental Quality, Solid and Hazardous Waste Division, do not waive sovereign immunity by entering into this Settlement Agreement, and specifically retain all immunity and all defenses to them as sovereigns pursuant to Wyo. Stat. § 1-39-104(a) and all other state law.
13. The persons signing this Settlement Agreement certify that they are duly authorized to bind their respective parties to this Settlement Agreement.
14. Burlington Resources Oil & Gas Company LP by signing this Settlement Agreement, neither admits nor denies that it violated any provision of state or federal statutes or regulations or any permits issued pursuant to such authority.

FOR: The Burlington Resources Oil & Gas Company LP

Signed: Mary Ann Pearce Date: 1/26/09

Typed: MARY ANN PEARLE

Title: VICE PRESIDENT

FOR: THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY

John Cow, Director Date: 1/12/08
Department of Environmental Quality (DEQ)

John Pearce, Administrator Date: 7 Jan. 09
DEQ/Solid and Hazardous Waste Division