

STATE OF WYOMING
DEPARTMENT OF ENVIRONMENTAL QUALITY
WATER QUALITY DIVISION

SETTLEMENT AGREEMENT

The Wyoming Department of Environmental Quality (WDEQ) and Baker Hughes Oilfield Operations, Inc. enter into this Settlement Agreement to fully and finally resolve without litigation the violation alleged in WDEQ Notice of Violation (NOV), docket number 5033-12, dated October 23, 2012. The NOV alleges that Baker Hughes Oilfield Operations, Inc. constructed both a water and wastewater system without a permit in violation of Section 301 of the Wyoming Environmental Quality Act. The facility is located in in the Town of Evansville, **Section 4 of Township 34 North, Range 78 West in Natrona County, Wyoming.**

Wyoming Statute § 35-11-901(a)(ii) authorizes the WDEQ to negotiate a stipulated settlement in lieu of litigation. To that end Baker Hughes Oilfield Operations, Inc. and the WDEQ hereby stipulate and agree as follows:

1. The WDEQ, pursuant to Wyo. Stat. Ann. § 35-11-104, is the executive branch agency of the State of Wyoming responsible for administering the Wyoming Environmental Quality Act and rules promulgated pursuant to the Act.
2. Baker Hughes Oilfield Operations, Inc. is a company organized under the laws of the State of Wyoming.
3. At its facility located in **Section 4 of Township 34 North, Range 78 West in Natrona County, Wyoming**, Baker Hughes Oilfield Operations, Inc. constructed a water system and a wastewater system without a permit. WDEQ acknowledges that Baker Hughes Oilfield Operations, Inc. contends that this omission was neither knowing or willful. WDEQ also acknowledges that Baker Hughes Oilfield Operations, Inc. has now obtained the required permits that resulted in the issuance of NOV docket number 5033-12.
4. Regardless, however, the construction of a water system and a wastewater system without a permit is a violation of Wyo. Stat. Ann. § 35-11-301(a)(iii) and §35-11-301(a)(v).
5. To resolve the allegations set forth in NOV docket number 5033-12 in lieu of litigation, Baker Hughes Oilfield Operations, Inc. agrees to pay a penalty of fifteen thousand dollars (\$15,000) to the WDEQ's Non-Point Source Supplemental Environmental Project (NPS-SEP) fund within thirty (30) days of the date that Baker Hughes Oilfield Operations, Inc. receives notice from WDEQ that this Settlement Agreement has been fully executed. Payment shall be made by check payable to the Wyoming Department of Environmental Quality, Water Quality Division, and shall be sent to: Steve Toalson, WQD Accounting Manager, Herschler Building, 4th Floor West, 122 West 25th Street, Cheyenne, Wyoming, 82002. The check should reference docket number 5033-12, NPS-SEP.
6. Full performance of the terms of this Settlement Agreement by Baker Hughes Oilfield Operations, Inc. shall constitute full satisfaction for and resolution of all claims WDEQ alleged in NOV docket number 5033-12.
7. Baker Hughes Oilfield Operations, Inc. waives any statute of limitations which may apply to an enforcement action by the WDEQ involving the specific matters described in NOV docket number 5033-12 in the event that Baker Hughes Oilfield Operations, Inc. fails to perform the terms of this Settlement Agreement.
8. This Settlement Agreement shall be admissible by WDEQ or Baker Hughes Oilfield Operations, Inc. without objection by the other in any subsequent action to enforce the terms of this Settlement Agreement.

9. The State of Wyoming and WDEQ do not waive sovereign immunity by entering into this Settlement Agreement with Baker Hughes Oilfield Operations, Inc. and specifically retain all immunities and all defenses available as sovereigns under state and federal law.

10. Each party shall bear its own attorney fees and costs, if any, incurred up to and including the date this Settlement Agreement is signed by both parties.

11. Nothing in this agreement relieves Baker Hughes Oilfield Operations, Inc. from its responsibility to comply with state and federal law.

12. Nothing in this agreement precludes WDEQ from taking additional enforcement action for matters not specifically alleged in NOV docket number 5033-12.

13. The terms of this Settlement Agreement, which embodies the entirety of the stipulated settlement between WDEQ and Baker Hughes Oilfield Operations, Inc., are not severable.

14. Any modification of this Settlement Agreement must be agreed upon by both parties and memorialized in writing.

15. Baker Hughes Oilfield Operations, Inc. and the WDEQ agree to comply with and be bound by the terms of this Settlement Agreement

16. Baker Hughes Oilfield Operations, Inc. agrees not to contest the basis or validity of this Settlement Agreement in any action to enforce the terms of this Settlement Agreement.

17. This Settlement Agreement is binding upon Baker Hughes Oilfield Operations, Inc., its successors and assigns, and upon the WDEQ.

18. This Settlement Agreement shall take effect on the date the last signature is attached.

19. The persons signing this Settlement Agreement certify that they are authorized to bind their respective parties to this Settlement Agreement.

FOR BAKER HUGHES OILFIELD OPERATIONS, INC.:

By:  Date: 2/20/2013

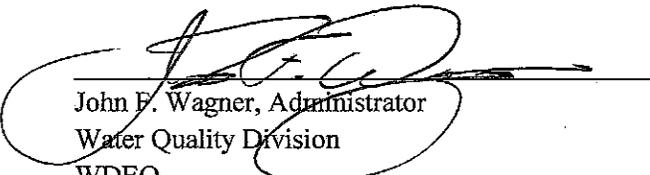
David E. Emerson

Title: Vice President

FOR THE WYOMING DEPARTMENT OF ENVIRONMENTAL QUALITY:

 Date: 2/25/13

Todd Parfitt, Director
WDEQ

 Date: 2/25/13
John F. Wagner, Administrator
Water Quality Division
WDEQ