

John C. Cruden  
Acting Assistant Attorney General  
Environment and Natural Resources Division  
United States Department of Justice

John N. Moscato  
Senior Counsel  
Environmental Enforcement Section  
Environment and Natural Resources Division  
United States Department of Justice  
1961 Stout Street, 8th Floor  
Denver, CO 80294  
Telephone: (303) 844-1380  
Email: [John.Moscato@USDOJ.GOV](mailto:John.Moscato@USDOJ.GOV)

Kelly H. Rankin  
United States Attorney  
Carol Statkus  
Assistant United States Attorney  
District of Wyoming  
2120 Capitol Avenue - 4th Floor  
Cheyenne, WY 82001  
Telephone: (307) 772-2124  
Email: [Carol.Statkus@USDOJ.GOV](mailto:Carol.Statkus@USDOJ.GOV)

Attorneys for Plaintiff the United States of America

John C. Martin  
Susan M. Mathiascheck  
Patton Boggs, LLP  
2550 M Street, N.W.  
Washington, D.C. 20037  
Telephone: (202) 457-6032  
Email: [jmartin@pattonboggs.com](mailto:jmartin@pattonboggs.com)  
[smathiascheck@pattonboggs.com](mailto:smathiascheck@pattonboggs.com)

Attorneys for Defendants Anadarko Petroleum Corporation,  
Howell Corporation and Howell Petroleum Corporation



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**WHEREAS**, Plaintiff United States of America, on behalf of the United States Environmental Protection Agency (“EPA”), has filed a Complaint in this action concurrently with this Consent Decree against Anadarko Petroleum Corporation, Howell Corporation, and Howell Petroleum Corporation (collectively, “Defendants”) for injunctive relief pursuant to Section 309(b), 33 U.S.C. § 1319(b), and for civil penalties pursuant to Section 311(b)(7)(A) and (C), 33 U.S.C. § 1321(b)(7)(A) and (C), of the Federal Water Pollution Control Act, also known as the Clean Water Act (“CWA”), 33 U.S.C. §§ 1251 - 1387, as amended by the Oil Pollution Act of 1990 (“OPA”), 33 U.S.C. §§ 2701 - 2762;

**WHEREAS**, Plaintiff alleges in its Complaint that, between January 25, 2003 and October 19, 2008, Defendants have violated Sections 301(a) and 311(b)(3) of the CWA, 33 U.S.C. §§ 1311(a) and 1321(b)(3), by discharging from their onshore, non-transportation-related, oil production facilities in Elk Basin, Salt Creek, Meadow Creek, Sussex and West Sussex Production Fields in Johnson, Natrona, and Park Counties, Wyoming, and in adjacent portions of Carbon County, Montana, quantities of oil which may be “harmful” under 40 C.F.R. § 110.3, into or upon the waters of the United States and upon adjoining shorelines;

**WHEREAS**, Plaintiff further alleges that Defendants have failed to file with EPA reports required under 40 C.F.R. § 112.4 regarding certain spill violations alleged in Plaintiff’s Complaint;

**WHEREAS**, Plaintiff further alleges that within Defendants’ Facility at least thirty-one (31) Facility Components identified in Attachment A are physically located such that

they could reasonably be expected to discharge oil or hazardous substances into or upon the waters of the United States or their adjoining shorelines in violation of Section 311(j)(1)(C) of the CWA, 33 U.S.C. § 1321(j)(1)(C), and that the Defendants have failed to adequately develop, implement, and maintain Spill Prevention Control and Countermeasures Plans (“SPCC Plans”), as required by 40 C.F.R. Part 112;

**WHEREAS**, Plaintiff further alleges: that Defendants failed to prepare and submit to EPA, and to implement, facility response plans (“FRPs”) required by 40 C.F.R. § 112.20 for each of the four (4) Facility Components identified in Attachment B and that, because of their location and the amount of oil stored, these Facility Components could reasonably be expected to cause substantial harm to the environment by discharging oil into or on waters of the United States or adjoining shorelines in violation of Section 311(j)(5) of the CWA, 33 U.S.C. § 1321(j)(5), and the requirements of 40 C.F.R. Part 112; and that Defendants have failed to develop and implement a facility response training program and drill/exercise program for each of these four Facility Components as required by 40 C.F.R. § 112.20;

**WHEREAS**, upon diligent review of relevant and material records, with respect to the Facility Components within the Elk Basin Facility, Defendants represent that, notwithstanding a 2007 purchase and sale transaction by which Defendants divested themselves of most of their interest in the Elk Basin Facility, Defendants, as of the Effective Date, still retain ownership of the following Elk Basin Facility Components: Sundance 195, Howell 19-1, Howell USA 31-1, Howell USA 31-2, Howell USA 31-4, Federal Capshaw #1, Federal Capshaw #2,

Federal Capshaw #3, Federal Capshaw #4, Federal Capshaw #7, and Federal Capshaw #9.

Further, as part of the 2007 purchase and sale transaction, Defendants transferred ownership of all tank batteries, stations, and well sites at the Elk Basin field except for those located at the 11 (eleven) above-specified well-site locations. Of the above-specified well-site locations, only the following 3 (three) are addressed in EPA's Complaint: Howell USA 31-1, Howell USA 31-2, and Federal Capshaw #7;

**WHEREAS**, this Consent Decree does not constitute an admission of either any facts or liability by Defendants, and, other than for purposes of this Consent Decree, Defendants do not admit the United States' jurisdiction under the CWA; and

**WHEREAS**, the United States and Defendants (collectively, the "Parties") recognize, and the Court by entering this Consent Decree finds, that this Consent Decree has been negotiated by the Parties in good faith and will avoid litigation between the Parties, and that this Consent Decree is fair, reasonable, and in the public interest.

**THEREFORE**, before taking testimony and without the adjudication or admission of any issue of fact or law, and with the consent of the Parties, **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** as follows:

**I. JURISDICTION AND VENUE**

1. Plaintiffs and, solely for the purpose of this Consent Decree, Defendants, agree that this Court has jurisdiction over this action under Sections 309(b) and 311(b)(7)(E) of the CWA, 33 U.S.C. §§ 1319(b) and 1321(b)(7)(E), and 28 U.S.C. §§ 1331, 1345, and 1355. Venue

is proper in the District of Wyoming pursuant to Sections 309(b) and 311(b)(7)(E) of the CWA, 33 U.S.C. §§ 1319(b) and 1321(b)(7)(E), and 28 U.S.C. §§ 1391 and 1395(a), because the alleged acts or omissions giving rise to Plaintiff's Complaint mainly occurred in this district and Defendants do business in this district. Defendants, solely for the purpose of this Consent Decree, agree that this Court also has personal jurisdiction over Defendants. Defendants consent to and shall not challenge entry of this Consent Decree or this Court's jurisdiction to enter, enforce, modify, or terminate this Consent Decree.

2. Notice of the commencement of this action has been given to the State of Wyoming concurrently with the filing of the Complaint and lodging of this Consent Decree, as required by Section 309(b) of the CWA, 33 U.S.C. § 1319(b).

## **II. PARTIES BOUND**

3. The obligations of this Consent Decree apply to and are binding upon Defendants and any of their successors and assigns, or other entities or persons otherwise bound by law, and on the United States.

4. Absent the written agreement of the United States, on and after the date this Consent Decree is lodged with the Court, no transfer of the ownership or operation of the Facility, whether in compliance with the procedures of this Paragraph or otherwise, shall relieve Defendants of their obligations to ensure that the terms of the Consent Decree are implemented. Defendants' transfer of ownership or operation of any portion of the Facility to a third party not controlled by Defendants that precludes Defendants' ability to perform any of its obligations



under this Consent Decree must be conditioned on a written agreement between Defendants and the transferee(s) in which the transferee(s) agree(s) to undertake the obligations required by this Consent Decree. The foregoing agreement shall be enforceable by the United States as third-party beneficiary.

a. At least thirty (30) Days prior to any transfer described in Paragraph 4, Defendants shall provide a copy of this Consent Decree to the proposed transferee and shall simultaneously provide written notice of the prospective transfer, together with a document evidencing compliance with the requirements of Paragraph 4 above, to EPA Region 8 and to the United States Department of Justice in accordance with Section XIII of this Consent Decree (Notice).

b. Any attempt to transfer ownership or operation of all or a portion of Defendants' Facility without Defendants' compliance with Paragraph 4 of this Consent Decree constitutes a violation of this Consent Decree for which Plaintiff may seek penalties, damages and injunctive relief.

5. Defendants shall provide a copy of this Consent Decree to all officers, employees, and agents, including contractors, whose duties might reasonably include compliance with any provision of this Consent Decree, including any contractor retained to perform Work required under this Consent Decree. Alternatively, Defendants may fulfill the obligation in the preceding sentence by providing the foregoing persons with instruction and briefing concerning portions of this Consent Decree for which they have implementation responsibilities. Defendants shall

condition any contract to perform such Work as is required under Section VI of this Consent Decree (Injunctive Relief) on performance of the Work in conformity with the terms of all applicable laws and regulations and this Consent Decree.

6. In any action to enforce this Consent Decree, Defendants shall not raise as a defense the failure by any of their officers, directors, employees, agents, or contractors to take any actions necessary to comply with any provision of this Consent Decree.

### **III. OBJECTIVE**

7. It is the express goal of the Parties in entering into this Consent Decree to resolve the allegations in the accompanying Complaint through the payment of penalties and the performance of injunctive relief as set forth herein. The Parties agree to interpret all obligations under this Consent Decree in a manner consistent with this goal.

### **IV. DEFINITIONS**

8. Except as specifically provided in this Paragraph, the definition of terms in the CWA and in 40 C.F.R. Part 112 shall apply to this Consent Decree:

a. **“Date of Lodging”** shall mean the date upon which this Consent Decree is lodged with the Court for public comment pursuant to 28 C.F.R. § 50.7;

b. **“Day”** or **“Days”** shall mean a calendar day or days unless provided otherwise in this Consent Decree;

c. **“Effective Date”** shall mean the date on which this Consent Decree is entered by the Court or a motion to enter the Consent Decree is granted, whichever occurs first;

d. **“Facility”** shall mean Defendants’ onshore, non-transportation-related, oil production facilities in the Elk Basin, Salt Creek, Meadow Creek, Sussex, and West Sussex Production Fields in Johnson, Natrona, and Park Counties, Wyoming, and in adjacent portions of Carbon County, Montana;

e. **“Facility Component”** shall mean any above or below ground constituent Facility equipment, structures, or engineered topographical features;

f. **“Interest”** shall mean interest at the rate specified in 28 U.S.C. § 1961;

g. **“Paragraph”** shall mean a portion of this Consent Decree identified by an Arabic numeral;

h. **“Parties”** shall mean the United States, Anadarko Petroleum Corporation, the Howell Corporation, and the Howell Petroleum Corporation;

i. **“Primary Container”** shall mean the first receiving separator, the first receiving ship tank, and the first receiving wet tanks (the first tank in a series);

j. **“Section”** shall mean a portion of this Consent Decree identified by a Roman numeral;

k. **“Water-Flood system”** shall mean those portions of Defendants’ Facility, excluding Elk Basin, that do not employ carbon dioxide (CO<sub>2</sub>) development; and

l. **“Work”** shall mean all actions required under Section VI of this Consent Decree (Injunctive Relief).

## **V. CIVIL PENALTY**

9. Within thirty (30) Days of the Effective Date of this Consent Decree, Defendants shall pay to the United States a civil penalty of \$1,050,000.00 pursuant to Paragraph 11.

Defendants shall not deduct any civil penalties paid under this Section in calculating federal income tax.

10. If all or any part of the civil penalty specified in Paragraph 9 is not paid within thirty (30) Days of the Effective Date, Defendants, in addition to the amount specified in Paragraph 9, shall pay Interest which shall begin to accrue on the thirty-first (31st) Day after the Effective Date and shall be subject to Stipulated Penalties as provided in Section IX (Stipulated Penalties) of this Consent Decree.

11. Payments under this Section shall be made by Fedwire Electronic Fund Transfer ("EFT") in accordance with instructions provided by the Financial Litigation Unit of the United States Attorney's Office in the District of Wyoming. Such monies are to be deposited in the Oil Spill Liability Trust Fund. The payment shall reference the Civil Action Number assigned to this case and DOJ Number 90-5-1-1-08426 and shall specify that the payments are made toward CWA civil penalties to be deposited into the Oil Spill Liability Trust Fund pursuant to 33 U.S.C. § 1321(s) and 26 U.S.C. § 9509(b)(8). Any funds received after 11:00 a.m. Eastern Time shall be credited on the next business Day. Defendants shall simultaneously provide notice of payment in writing, together with a copy of any transmittal documentation, to the U.S.

Department of Justice and EPA in accordance with Section XIII of this Consent Decree (Notice), and to the Coast Guard at the following Addresses:

Chief  
United States Coast Guard TJAG  
Office of Claims and Litigation  
2100 Second Street, S.W.  
Washington, D.C. 20593-0001

and

Lt. Commander, Michelle C. Bos, Legal Counsel  
National Pollution Funds Center  
United States Coast Guard  
4200 Wilson Boulevard, Suite 1000  
Arlington, VA 22203

#### **VI. INJUNCTIVE RELIEF**

12. Elk Basin. Notwithstanding references to Attachment A in this Section, the provisions of Paragraphs 14 to 43 of this Section shall not apply to the Elk Basin Facility Components identified in Attachment A, except as otherwise expressly provided herein with respect to SPCC Facilities located at Howell USA 31-1, Howell USA 31-2, and Federal Capshaw #7. With respect to the Elk Basin Facility Components located at Howell USA 31-1, Howell USA 31-2, and Federal Capshaw #7, Defendants shall be solely responsible for ensuring compliance with this Decree but may, if Defendants so choose, satisfy their obligations under this Decree through agreement(s) with contract operator(s).

13. Demolished, Removed, or Permanently Closed Facility Components. The provisions of Paragraphs 14 to 43 of this Section shall not apply to Facility Components that have been demolished, removed from the Facility, or are "Permanently Closed" in accordance

with 40 C.F.R. § 112.2. If at any time prior to termination of this Consent Decree, a closed Facility Component is returned to service, that Facility Component upon its return to service shall become subject to the provisions of Paragraphs 14 to 43 of this Section.

**A. SPCC Plans**

14. For all of the Facility Components identified in Attachment A to this Consent Decree, including SPCC Facilities located at Howell USA 31-1, Howell USA 31-2, and Federal Capshaw #7, Defendants shall submit to EPA within sixty (60) Days of the Effective Date, in accordance with Section VII (Review and Approval) and Section XIII (Notice) of this Consent Decree, copies of the current certifications by an independent professional engineer under 40 C.F.R. § 112.3(d). Defendants shall provide documentation that all of the alleged deficiencies in EPA's April 6, 2007 letter (Attachment C) have been corrected. That documentation shall include corrected text in the SPCC Plans, relevant calculations and such other information as is reasonably necessary for EPA to determine whether the deficiencies alleged in EPA's April 2007 letter have been corrected.

15. In accordance with 40 C.F.R. §§ 112.5 and 112.7, Defendants shall ensure that all SPCC Plans for Facility Components identified in Attachment A, including SPCC Facilities located at Howell USA 31-1, Howell USA 31-2, and Federal Capshaw #7, are amended when there is a change in the Facility design, construction, operation, or maintenance that materially affects their potential for a discharge from the Facility, as described in 40 C.F.R. § 112.1 (b).

16. Upon completion of the certification referenced in Paragraph 14 of this Consent Decree, Defendants shall fully implement the corrected SPCC Plans.

**B. Facility Response Plans**

17. Within ninety (90) Days of the Effective Date, Defendants shall, in accordance with Section VII (Review and Approval) and Section XIII (Notice) of this Consent Decree, submit to EPA for approval FRPs, or a single FRP, for Salt Creek Batteries 4, 5, and 11, which comply(ies) with all the requirements of 40 C.F.R. §§ 112.20 and 112.21. Upon approval by EPA, Defendants shall fully implement the FRP(s).

18. Defendants shall update and amend the approved FRP(s), and the training and drill programs (which may be part of a single FRP), in accordance with the requirements of 40 C.F.R. § 112.20(d)(1).

**C. Secondary Containment**

19. Defendants have retained an independent professional engineer to conduct a review of secondary containment at the Facility Components identified in Attachment A, including SPCC Facilities located at Howell USA 31-1, Howell USA 31-2, and Federal Capshaw #7. Defendants represent that the recommendations of the independent professional engineer with respect to any deficiencies in secondary containment either: (a) have been implemented; or (b) shall be completely implemented within thirty (30) Days after the Effective Date of this Consent Decree. Within sixty (60) Days of the Effective Date of this Consent Decree, in accordance with Section VII (Review and Approval) and Section XIII (Notice) of this Consent

Decree, Defendants shall provide to EPA documentation that demonstrates that secondary containment for Facility Components identified in Attachment A, including SPCC Facilities located at Howell USA 31-1, Howell USA 31-2, and Federal Capshaw #7, meets the requirements of 40 C.F.R. §§ 112.7 and 112.9. If weather conditions prevent Defendants from implementing the actions required by this Paragraph, Defendants shall provide written notice to EPA pursuant to Section XIII (Notice) of this Consent Decree. The notice shall contain an explanation for the delay and a proposed schedule for implementation of the remaining actions required.

**D. Facility Integrity and Release Mitigation Program**

20. Within one hundred and twenty (120) Days of the Effective Date of this Consent Decree, Defendants shall develop and implement, for the Facility Components identified in Attachment A, a “Facility Integrity and Release Mitigation Program” consistent with the provisions of Paragraphs 20 through 43 of this Consent Decree. The purpose of the Facility Integrity and Release Mitigation Program is to reduce the likelihood and magnitude of unpermitted discharges from Defendants’ Facility. Nothing in Paragraphs 20 through 43 of this Consent Decree, however, shall relieve Defendants from compliance with applicable inspection and maintenance obligations otherwise required under applicable law and regulations.

21. Defendants shall, in accordance with Section XIII (Notice) of this Consent Decree, provide EPA with a copy of Defendants’ Facility Integrity and Release Mitigation Program.



(i) Internal-Corrosion Chemical Treatment and Monitoring Program

22. Scope. Defendants shall implement an internal-corrosion chemical treatment and monitoring program for all: (i) two-inch (2”) to sixteen-inch (16”) oil and produced water pipelines (including flow lines and gathering lines) located within the “Water-Flood” system areas of operation within the Facility, and (ii) Facility batteries, including lease automatic custody transfer units (“LACTs”).

23. Chemical Injection Inspections. Defendants shall conduct weekly inspections of all chemical injection sites at the Facility to maintain a prescribed chemical injection rate to adequately control pipeline corrosion.

24. Internal Pipeline Monitoring of Corrosion-Causing Bacteria. Defendants shall conduct monitoring of bacteria that contribute to pipeline corrosion for components described in Paragraph 22 through implementation of a program that shall include the following methods:

a. Twice-yearly DNA analyses of samples from the Water-Flood system to identify bacteria that contribute to corrosion;

b. Serial dilution, incubation, and testing of samples from the Water-Flood system as necessary to determine appropriate chemical usage and treatment efficacy; and

c. Twice-yearly “spot-check” testing (for example, short-term screening methods) to determine the presence of sulfate-reducing bacteria within the Water-Flood system.

25. Evaluation of Corrosion Rates. Defendants shall place corrosion “coupons” at multiple sites within the Facility’s Water-Flood system and shall, at least twice a year, remove a

number of coupons sufficient to constitute a representative sample for the purpose of assessing metal loss (corrosion).

26. Oxygen Testing. At least twice yearly, Defendants shall test the dissolved oxygen content of fluid at each water station transfer pump discharge within the Facility's Water-Flood system to determine whether levels of dissolved oxygen present could adversely contribute to corrosion.

27. Quarterly Review to Evaluate Effectiveness of Chemical Treatment Program. At least quarterly, Defendants shall conduct Chemical Review Team meetings of personnel with responsibilities for oversight of the chemical treatment and monitoring program for the Facility's Water-Flood system within the Linch field portion of the Facility and within the Salt Creek portion of the Facility. These meetings shall include production/operations and engineering personnel, including at least one foreman, as well as, where appropriate, representatives of any outside contractors with significant, relevant responsibilities for the chemical treatment system. As part of these meetings, the team shall evaluate the results of monitoring conducted pursuant to Paragraphs 23 through 26, above, and the information gathered pursuant to Paragraph 31 of this Consent Decree, to evaluate potential adjustments to the chemical treatment regime for the Water-Flood system. At least one member of the Chemical Review Team shall also serve as a member of the Core Review Team, pursuant to Paragraph 42 below, and shall report each quarter to the Core Review Team any findings and recommendations arising from those evaluations.

(ii) Cathodic Protection

28. Within the Facility's Water-Flood system, where a segment of pipeline is replaced with metal or alloy piping, if that replacement is required due to external corrosion, and where soil conditions are appropriate for placement of a sacrificial anode(s), Defendants shall install a sacrificial anode(s) at the time of pipeline replacement.

29. Within the area of the Facility designated as the "Salt Creek South Unit Cathodic Protection System Area" in Attachment D, Defendants shall maintain a current-induced cathodic protection system at a level sufficient to retard corrosion.

30. Within areas of the Facility that have been converted to a "carbon dioxide (CO<sub>2</sub>)-flood," Defendants shall design, construct, and maintain, at a level sufficient to retard corrosion, a cathodic protection system for all carbon steel pipelines (including injection and production main lines, and excluding lateral lines, flow lines and any other pipelines composed of fiberglass, or other material for which cathodic protection would not be appropriate).

(iii) Failure Analysis

31. In the event of a pipeline or equipment failure that is identified as resulting in a release from the Facility of greater than one barrel of produced fluid, Defendants shall evaluate the failed portion of pipeline or equipment, first, by visual inspection, and, if visual inspection indicates that further evaluation is appropriate, by additional chemical or metallurgical analysis to evaluate possible causes of the failure. For each such pipeline or equipment failure identified as resulting in a release from the Facility of greater than one barrel of produced fluid, Defendants

shall categorize the failure into at least one of a series of apparent causes, including at least the following: (i) internal corrosion; (ii) external corrosion; (iii) equipment failure; (iv) livestock or wildlife; (v) human error; (vi) vandalism; (vii) weather; and (viii) other (with specific description of events). Defendants shall provide to the Chemical Review, Wells Failure Analysis and/or Maintenance Failure Analysis Team(s), as appropriate, for their review and use in evaluating the potential causes of the failure, a form containing such information as is necessary to adequately perform a causation analysis, including but not limited to: the location of the failure within the Facility, whether the failure occurred within injection or production-related equipment, the type of line (well, main, or lateral), and the size and composition of the pipe involved. The results of these evaluations shall be provided to the Chemical Review Team to be considered as part of their review conducted pursuant to Paragraph 27, and to the Maintenance or Well Failure Analysis Teams identified in Paragraphs 33 and 34, to be considered as part of their reviews conducted pursuant to Paragraphs 33 and 34.

32. Regarding the causation analysis to be undertaken pursuant to Paragraphs 31, above and 33 through 34, below, the methods and analysis employed to conduct or implement the causation analysis shall, applying sound engineering judgment, be appropriate in light of the nature, complexity, frequency, and magnitude of the failure subject to the analysis.

33. Maintenance Failure Analysis Team. Defendants shall conduct quarterly failure analysis team meetings among maintenance department personnel, including supervisory personnel, as well as, where appropriate, personnel from any contractors with significant relevant

maintenance responsibilities. As part of these meetings, the Maintenance Failure Analysis Team shall review the information gathered or generated pursuant to Paragraph 31 for pipeline or equipment failures at surface Facility locations, including surface Facility locations at wells, and shall assess potential causes of any such pipeline or equipment failures. The Maintenance Failure Analysis Team shall consider results of any inspection or analysis conducted pursuant to Paragraphs 28 (twenty-eight) through 32 (thirty-two), and 36 (thirty-six) through 38 (thirty-eight) and relating to surface Facility locations as well as mechanical, chemical treatment, or process changes occurring during the preceding quarter that could reasonably be expected to affect the integrity of the pipeline segment or piece of equipment associated with the release being addressed. At least one member of the Maintenance Failure Analysis Team shall also serve as a member of the Core Review Team, pursuant to Paragraph 42, below and shall report in writing each quarter to the Core Review Team any findings and recommendations arising from the Maintenance Failure Analysis Team's consideration of any pipeline or equipment failures under consideration pursuant to this Paragraph.

34. Wells Failure Analysis Team. Defendants also shall conduct quarterly well failure analysis team meetings for the Facility. Each of these meetings shall include appropriate production and supervisory personnel as well as appropriate personnel from any contractors with significant relevant responsibilities for well operations and maintenance. As part of these meetings, the Wells Failure Analysis Team shall review the information gathered or generated pursuant to Paragraph 31 for subsurface well equipment failures within the Facility and shall

assess potential causes of any such failures In conducting this assessment, the Wells Failure Analysis Team shall consider results of any inspections or analysis conducted pursuant to Paragraph 38 as well as mechanical, chemical treatment, or process changes occurring during the preceding quarter that could reasonably be expected to affect the integrity of the equipment associated with the release being addressed. At least one member of the Wells Failure Analysis Team shall also serve as a member of the Core Review Team, pursuant to Paragraph 42, below and shall report in writing each quarter to the Core Review Team any findings and recommendations arising from the Wells Failure Analysis Team's consideration of any well-related equipment failures under consideration pursuant to this Paragraph.

(iv) Information and Data Gathering

35. Information gathered pursuant to Paragraphs 23 through 26, 28 through 31, and 36 through 40 shall be made available to and considered by the Chemical Review Team, Maintenance Failure Analysis Team, and Wells Failure Analysis Team.

36. Leak Response Database. Defendants shall maintain a Leak Response Database and shall enter into that database information on any flow line or injection line pipeline failure at the Facility that results in a release of greater than one barrel of produced fluid. The information recorded shall include the location of the failure within the Facility, whether the failure occurred within injection or production-related equipment, the type of line (well, main, or lateral), the size and composition of the pipe involved, whether the failure appeared to be external or internal, and the type of repair implemented.

37. Ultrasonic Testing. Defendants shall conduct ultrasonic testing of six-inch (6") or greater diameter production and water-injection carbon steel pipelines at locations within the Facility where exposed pipelines cross drainages. Defendants shall conduct such testing at least twice each year. The results of the ultrasonic testing shall be documented in an inspection form or vendor's report which specifies measurements of pipeline at the identified locations.

38. Inspections.

a. Aerial Examination of Facility. Defendants shall conduct an aerial examination of the Facility twice each month, weather conditions permitting. If during any examination the pilot/observer observes any evidence of a rupture, fire, or leak from any Facility Component, or other emergency, the pilot/observer shall, as soon as possible, make a full oral report to Defendants' designated representative(s). After completion of each such examination, Defendants shall obtain from the pilot/observer(s) a written "patrol report" form which documents the date, the pilot/observer(s), the area patrolled, and the observations made during patrol.

b. Surface inspection of drainages. Defendants shall conduct weekly surface inspections of drainages from each active Wyoming Pollutant Discharge Elimination System ("WYPDES") discharge point within the Facility to receiving water bodies as indicated in Attachment E-1 through E-4. Upon completion of the inspection, Defendants shall complete an inspection form to indicate whether discharges are observed and, where a discharge has been observed, the nature, extent, location, and observable causes thereof.

c. Batteries/LACTs. Defendants shall conduct daily inspections of batteries and lease automatic custody transfer units (LACTs). Upon completion of the inspection, Defendants shall record the inspection on an inspection log, and where a discharge(s) is observed, complete an inspection form documenting the nature, extent, location, and observable causes thereof.

d. SPCC Facility Components. Defendants shall conduct quarterly inspections of SPCC Facility Components and complete a form that documents information on the following inspection areas: (i) tanks, drums and bulk containers; (ii) secondary containment; (iii) production/injection equipment; (iv) truck loading area; (v) compression equipment; and (vi) accuracy of facility diagram.

39. Alarms.

a. On Primary Containers within all Facility batteries, including LACTs, Defendants shall maintain floats or other level-sensing devices, and alarms.

b. Defendants shall maintain an alarm system to detect high pressure, low pressure, and high flows on water pumping facilities and equipment at water injection stations within the Facility.

c. Defendants shall conduct quarterly tests of alarms at batteries, LACTs, and water injection facilities.

40. Pressure Testing. Within the Facility, on production separators and test separators containing fluid, Defendants shall annually pressure test all safety relief valves. In the event that



any defect or failure is identified, Defendants shall repair or replace the defective equipment promptly.

41. Control Room. Defendants shall maintain a 24-hour staffed control room to monitor alarms and notify appropriate personnel for response within the Facility.

(v) Quarterly Evaluation by Core Review Team.

42. At least quarterly, Defendants shall conduct Core Review Team meetings that shall include the following personnel: at least one member of the Chemical Review Team, at least one member of the Maintenance Failure Analysis Team, at least one member of the Wells Failure Analysis Team, the Facility Production Superintendent or designee, and the Facility Environmental Analyst or designee. The Core Review Team shall review and evaluate information, findings and recommendations from the Maintenance and Wells Failure Analysis Teams and from the Chemical Review Team, together with other information available to it, including results of testing, conducted pursuant to Paragraph 40 (Pressure Testing), indicating any defects or failures in safety relief valves. Based on its evaluation, the Core Review Team shall consider whether and what actions should be taken to address potential causes of unpermitted discharges, and, as appropriate, direct implementation of those actions. The Core Review Team shall develop a checklist and proposed schedules for actions to be taken as a result of its evaluation and shall review implementation of checklist items at future Core Review Team meetings. After each quarterly meeting of the Core Review Team, the Core Review team shall prepare a Quarterly Report, which shall (i) summarize its evaluation of the findings and

recommendations from the other teams, identifying any directives to be implemented; and (ii) report on the status of any checklist item that has not been completed in accordance with the schedule initially established for that item and provide an adjusted schedule for completion of that item. At the end of each year, the Core Review Team shall also prepare an Annual Report, which shall summarize actions taken during the preceding year and remaining actions scheduled to be implemented under the checklist.

43. For the first four quarters following the Effective Date of the Consent Decree, Defendants shall provide to EPA, pursuant to Section XIII (Notice), copies of the Core Team Quarterly Reports, prepared pursuant to Paragraph 42, within thirty (30) Days after the quarterly meeting of the Core Team. Thereafter, Defendants shall provide to EPA, pursuant to Section XIII (Notice), copies of the Core Team Annual Reports, prepared pursuant to Paragraph 42, within sixty (60) Days of the final quarterly meeting of the Core Team for each calendar year.

## **VII. REVIEW AND APPROVAL**

44. For any plan, test, protocol, or other document required under this Consent Decree to be submitted to EPA for approval in accordance with this Section, Defendants shall follow the procedures set forth in this Section.

45. Defendants shall submit the document to EPA for approval. EPA may: (a) approve, in whole or in part, the submission; (b) approve the submission upon specified conditions; (c) disapprove, in whole or in part, the submission, directing Defendants to modify the submission; or (d) any combination of the above. A disapproval under (c) or (d) of this

Paragraph shall set forth the reasons for the deficiencies in sufficient detail for Defendants to correct the deficiencies. EPA's response shall be timely in light of the circumstances.

46. Upon receipt of a notice of disapproval, in whole or in part, of a submission made pursuant to this Consent Decree, Defendants shall, within thirty (30) Days, or such longer time as specified by EPA in such notice or agreed to in writing by EPA, revise the submission as required by EPA and resubmit the submission to EPA for approval, subject only to Defendants' right to invoke Dispute Resolution pursuant to Section XII (Dispute Resolution).

47. Any portion of the submission that is not specifically disapproved by EPA in a notice of disapproval shall be considered approved and Defendants shall proceed promptly to implement the approved portion of the document; provided that implementation of the approved portion of the document is not dependent upon implementation of the disapproved portion, and that any submission approved upon conditions shall be subject to Defendants' right to invoke Dispute Resolution pursuant to Section XII (Dispute Resolution). Implementation of the approved portion of the document shall not relieve Defendants of liability for Stipulated Penalties under Section IX (Stipulated Penalties).

48. In the event that a resubmitted document, or portion thereof, is again disapproved by EPA, EPA may again require Defendants to implement changes as required by EPA, in accordance with the preceding Paragraphs. EPA may also modify the resubmitted document to cure the deficiencies, subject only to Defendants' right to invoke Dispute Resolution pursuant to Section XII (Dispute Resolution).

49. The United States does not, by its consent to entry of this Consent Decree, warrant in any manner that the Defendants' compliance with this Consent Decree will result in compliance with the provisions of applicable federal, state or local laws, regulations or permit conditions. Notwithstanding the United States' review and approval of any data, reports or plans formulated pursuant to this Consent Decree, the Defendants shall remain solely responsible for compliance with such provisions.

#### **VIII. COMPLIANCE, REPORTING AND RECORD KEEPING**

##### **A. Annual Reports.**

50. Except as otherwise specifically provided herein, Defendants shall report to EPA annually on the status of all actions required under Section VI (Injunctive Relief) of this Consent Decree. The Annual Report shall be provided to EPA on or before March 31 each year for the previous calendar year, starting on March 31, 2010 and continuing until the Termination of this Consent Decree. If Defendants are not in compliance with any requirement of Section VI of this Consent Decree, the Annual Report shall identify the area(s) of non-compliance, the circumstances which have led to non-compliance, and a plan and schedule under which Defendants propose to correct the non-compliance.

51. The Annual Report shall include a description of any spill reportable under 33 U.S.C. 1321(b)(5) of the CWA at or from Defendants' Facility. This portion of the report may be submitted in a spreadsheet format or in an alternative form agreed to by the Parties and shall list:

- a. spill date;
- b. National Response Center identification number (if applicable);
- c. narrative description of spill location or latitude/longitude coordinates of the spill;
- d. from what piece of equipment the spill occurred;
- e. spill material and quantity spilled;
- f. quantity recovered;
- g. name of flowing water spill entered (if applicable); and
- h. description of any environmental impacts from spill.

B. Record Keeping.

52. Defendants shall, until three years after termination of this Consent Decree, maintain at its central area office for the Facility (excluding Elk Basin) copies of all documents necessary to evidence compliance with this Consent Decree. The foregoing may be maintained electronically. At any time during this information-retention period, or within two years of its termination, upon request by EPA, Defendants shall provide copies of any non-privileged documents, records, or other information required to be maintained under this Paragraph. Upon request, Defendants shall provide to EPA a description of the privileged documents, if any, withheld from their response to the foregoing request. At the conclusion of the information-retention period, Defendants shall notify EPA at least ninety (90) Days prior to the destruction of any documents, records, or other information subject to the requirements of this Paragraph, except that this notification requirement shall not apply beyond two years after the information-retention period terminates.

53. The reporting requirements of this Consent Decree do not relieve Defendants of any reporting obligations required by the CWA, its implementing regulations, or any other local, state, or federal law or requirement.

54. Any information provided pursuant to this Consent Decree may be used by the United States in a proceeding to enforce the provisions of this Consent Decree, or as otherwise permitted by law.

### **IX. STIPULATED PENALTIES**

55. Defendants shall be liable for Stipulated Penalties for all violations of this Consent Decree, unless excused under Section XI (Force Majeure). A violation includes failure to perform any obligation required by the terms of this Consent Decree, including any injunctive relief, according to all applicable requirements of this Consent Decree and within the specified time schedules established by the Consent Decree. Stipulated Penalties under this Section shall be paid in accordance with Paragraphs 55 through 65 of this Consent Decree. Except for the Stipulated Penalty in Paragraph 56 below that relates to payment of Civil Penalty, the stipulated penalty per violation, per Day of noncompliance shall be:

<u>Period of Delay or Non-Compliance</u>	<u>Penalty per Day</u>
1st through 30th Day	\$500
31st through 60th Day	\$750
Beyond 60th Day	\$2,000

56. Late Payment of Civil Penalty. Defendants shall pay Stipulated Penalties of \$1,500 plus interest as required by Paragraph 10 of this Consent Decree for each Day the payment is late for failure to timely pay the civil penalty. Late payment of the obligations stated

in Section V (Civil Penalties) shall be made in accordance with payment instructions in that Section. Stipulated Penalties under this Paragraph shall be paid as stated in this Section.

57. Stipulated Penalties under this Section shall accrue simultaneously for separate violations of this Consent Decree, shall begin to accrue on the Day after performance is due, and shall continue to accrue until performance is satisfactorily completed. Nothing in this Section shall be construed to limit the United States from seeking any remedy otherwise provided by law for Defendants' failure to pay any Stipulated Penalties.

58. Defendants shall pay any Stipulated Penalty within thirty (30) Days of receiving a written demand from EPA.

59. The United States may, in the unreviewable exercise of its discretion, reduce or waive Stipulated Penalties otherwise due to it under this Consent Decree.

60. If Defendants fail to pay Stipulated Penalties owed pursuant to this Consent Decree when due, Defendants shall pay Interest on the late payment for each Day of late payment. The rate of Interest shall be the most recent interest rate determined pursuant to 28 U.S.C. § 1961.

61. If Defendants dispute their obligation to pay part or all of a stipulated penalty, they shall initiate the dispute resolution procedures under Section XII (Dispute Resolution). If Defendants invoke dispute resolution, Defendants shall pay to the United States any amount which is not in dispute.

62. Stipulated Penalties and Interest pursuant to 28 U.S.C. § 1961 shall continue to accrue during any Dispute Resolution. If the dispute is resolved by agreement, Defendants shall pay accrued penalties determined to be due, together with Interest, to the United States within thirty (30) Days of the effective date of that agreement. If the dispute is submitted to the Court for resolution, Stipulated Penalties shall cease to accrue upon completion of all briefing by the Parties necessary to allow the Court to resolve the disputed matters. If the United States prevails, Defendants shall pay all accrued penalties determined by the Court to be due, together with Interest, within thirty (30) Days of entry of the Court's decision or order. If the Defendants prevail, no accrued penalties, Interest, or Stipulated Penalties associated with the subject of the dispute shall be due.

63. All Stipulated Penalties and Interest shall be paid to the United States in accordance with the payment instructions in this Paragraph.

a. Defendants shall pay any stipulated penalty by EFT, in accordance with the instructions to be provided by the Financial Litigation Unit of the U.S. Attorney's Office for the District of Wyoming.

b. Payment of Stipulated Penalties shall be accompanied by transmittal correspondence that specifies that the payment is for Stipulated Penalties due under this Consent Decree and shall reference DOJ No. 90-5-1-1-08426 and the case name and number. Defendants shall send a copy of the transmittal correspondence to the Plaintiff as provided in Section XIII (Notice).



64. Defendants shall not deduct any Stipulated Penalties paid under this Section in calculating federal income tax.

65. The Stipulated Penalties provided for in this Consent Decree shall be in addition to any other rights, remedies, or sanctions available to the United States for Defendants' violation of this Consent Decree, the CWA, or any other applicable law.

#### **X. RIGHT OF ENTRY**

66. The United States and its authorized representatives, including attorneys, contractors, consultants, and other agents shall have authority to enter the Facility covered by this Consent Decree, at all reasonable times, upon presentation of credentials to:

- a. monitor the progress of activities required under this Consent Decree;
- b. verify any data or information submitted to the United States in accordance with the terms of this Consent Decree;
- c. obtain documentary evidence, including photographs and similar data as necessary to monitor compliance with this Consent Decree; and
- d. assess Defendants' compliance with this Consent Decree.

67. This Consent Decree in no way limits or otherwise affects any right of entry or inspection or any right to obtain information, held by EPA pursuant to applicable federal, state, or local laws, regulations, or permits.

## **XI. FORCE MAJEURE**

68. Defendants shall perform the actions required under this Decree within the time limits set forth or approved herein, unless the performance is prevented or delayed solely by events which constitute a Force Majeure event. A Force Majeure event is defined as any event arising from causes beyond reasonable control of Defendants, including their employees, agents, consultants and contractors, which could not be overcome by due diligence and which delays or prevents the performance of an action required by this Consent Decree within the specified time period. "Due diligence" includes anticipating a potential Force Majeure event and addressing the effects of such an event (a) as it is occurring and (b) after it has occurred, to prevent or minimize any resulting delay. A Force Majeure event does not include, inter alia, increased costs of performance, changed economic circumstances, changed labor relations, normal precipitation or climate events, changed circumstances arising out of the sale, lease or other transfer or conveyance of title or ownership or possession of a site, or failure to obtain federal, state or local permits (unless Defendants have made timely, good-faith efforts to secure such permits).

69. Defendants shall provide notice orally or by electronic or facsimile transmission to EPA as soon as possible pursuant to Section XIII (Notice) of this Consent Decree, but not later than seventy-two (72) hours after the time Defendants first learned of, or by the exercise of due diligence should have known of, a claimed Force Majeure event. Defendants shall also provide written notice, as provided in Section XIII of this Consent Decree (Notice), within seven (7) Days of the time Defendants first knew of, or by the exercise of due diligence should have

known of, the event. The notice shall state what action has been impacted by the delay, the anticipated duration of any delay, its cause(s), Defendants' past and proposed actions to prevent or minimize any delay, a schedule for carrying out those actions, and Defendants' rationale for attributing any delay to a Force Majeure event. Defendants shall include with any notice all available documentation supporting the claim that the delay was attributable to a Force Majeure event. Failure to provide oral and written notice as required by this Paragraph shall preclude Defendants from asserting any claim of Force Majeure as to the event in question.

70. In response to Defendants' written notice in Paragraph 69, EPA shall make a determination whether it agrees or disagrees that a Force Majeure event has occurred, and, pursuant to Section XIII (Notice) of this Consent Decree, within 20 (twenty) business days, provide written notice to Defendants of its determination and the reasoning for that decision.

71. If EPA agrees that a Force Majeure event has occurred, the time for Defendants to perform the affected requirements shall be extended, if appropriate, for the time necessary to complete those obligations. An extension of time to perform the obligations affected by a Force Majeure event shall not, by itself, extend the time to perform any other obligation unless EPA or the Court determines that dependent activities will be delayed by the Force Majeure and that the time period should be extended for performance of such activities.

72. If EPA does not agree that a Force Majeure event has occurred, or does not agree to the extension of time sought by Defendants, EPA's position shall be binding, unless

Defendants, within ten (10) Days of EPA's decision, invoke the dispute resolution procedures under Section XII (Dispute Resolution) of this Consent Decree.

## **XII. DISPUTE RESOLUTION**

73. Unless otherwise expressly provided for in this Consent Decree, the dispute resolution procedures of this Section shall be the exclusive mechanism to resolve disputes arising under or with respect to this Consent Decree. However, such procedures shall not apply to actions by the United States to enforce obligations of Defendants under this Consent Decree that have not been disputed in accordance with this Section.

74. Any dispute subject to dispute resolution under this Consent Decree shall first be the subject of informal negotiations between the United States and Defendants. The dispute shall be considered to have arisen when Defendants send a written notice of dispute to the United States, as provided in Section XIII (Notice) of this Consent Decree. Such notice of dispute shall state clearly the matter in dispute. The period of informal negotiations shall not exceed twenty-one (21) Days from the date of the written notice, unless that period is modified by written agreement. For Informal Disputes, the Assistant Regional Administrator for Enforcement, Compliance and Environmental Justice shall, on the record, make the final determination for EPA. If informal negotiations are unsuccessful, then the United States' position shall control unless Defendants file with the Court a petition to resolve the dispute within thirty (30) Days after the determination by the Assistant Regional Administrator for Enforcement, Compliance and Environmental Justice. Any dispute arising under this Consent Decree, shall be subject to

judicial review. In any such dispute, Defendants shall bear the burden of demonstrating that their position complies with this Consent Decree, the CWA, and any other applicable law, and that Defendants are entitled to relief.

75. The invocation of dispute resolution under this Section shall not extend, postpone, or affect in any way any obligation of Defendants under this Consent Decree not directly in dispute. Except as otherwise provided under this Consent Decree, Stipulated Penalties, together with Interest, shall continue to accrue with respect to the disputed matter from the first Day of non-compliance. In the event that dispute resolution is invoked, payment of any Stipulated Penalties accrued shall be stayed pending resolution of the dispute. If Defendants do not prevail on the disputed issue, Stipulated Penalties plus Interest shall be assessed and paid as provided in Section IX (Stipulated Penalties).

### **XIII. NOTICE**

76. Unless otherwise specifically provided by this Consent Decree, notifications, certifications, reports, documents or other communications required pursuant to this Consent Decree shall be deemed submitted on the date they are either (i) postmarked and sent by certified mail, return receipt requested, (ii) sent by facsimile transmission with confirmation of receipt, or (iii) sent by overnight delivery service. If a notification, certification, report, document or other communication required by this Consent Decree is sent by first class mail, it shall be deemed submitted on the date it is actually received. Except as specified otherwise, when written

notification to or communication with a party is required by the terms of this Consent Decree, it shall be addressed as follows:

As to the United States Department of Justice:

Chief, Environmental Enforcement Section  
Environment and Natural Resources Division  
U.S. Department of Justice  
Post Office Box 7611 - Ben Franklin Station  
Washington, D.C. 20044  
Reference Case No. 90-5-1-1-08426

As to the Environmental Protection Agency

Director of Technical Enforcement Program  
Office of Enforcement, Compliance and Environmental Justice  
U.S. EPA, Region 8 (8ENF- UFO)  
1595 Wynkoop Street  
Denver, CO 80202-1129  
Attn: Donna Inman

As to Defendants:

General Manager, Rockies  
Anadarko Petroleum Corporation  
1099 18th Street  
Suite 1800  
Denver, CO 80202-1918

Director EHS, Rockies  
Anadarko Petroleum Corporation  
1099 18th Street  
Denver, CO 80202-1918

Production Superintendent, Salt Creek Field  
Howell Petroleum Corporation  
½ Mile South of Midwest  
P.O. Box 10  
Midwest, WY 82643

77. Unless the Parties agree in writing otherwise, all submissions made by Defendants pursuant to this Consent Decree shall be signed and affirmed by a responsible official of the Defendants using the following certification statement:

I certify under penalty of law that I have examined and am familiar with the information submitted in this document and all attachments and that this document and its attachments were prepared either by me personally or under my direction or supervision in a manner designed to ensure that qualified and knowledgeable personnel properly gather and present the information contained therein. I further certify, based on personal knowledge or on my inquiry of those individuals immediately responsible for obtaining the information, that the information contained in or accompanying this (submission/document) is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment.

78. Any Party may, by written notice to the other Parties, change its designated notice recipient or notice address provided above.

#### **XIV. RESOLUTION OF UNITED STATES' CLAIMS**

79. Entry of this Consent Decree and compliance with the requirements herein resolves the civil claims of the United States alleged against Defendants in the Complaint filed in this action for the SPCC and FRP violations, including violations arising from the requirements of 40 C.F.R. §§ 112.20 and 112.21, for discharges at Defendants' Facility occurring between January 26, 2003 and October 19, 2008 which Defendants have reported to EPA's National Response Center, including those spills specifically alleged in the Complaint, and for the spill-related reporting violations.

80. Except as specifically provided herein, the United States does not waive any rights or remedies available to it for violation by Defendants of federal or state laws or

regulations. This Consent Decree shall in no way affect the United States' ability to bring future actions for any matters not specifically alleged in the Complaint filed in this action.

81. This Consent Decree shall not be construed to limit the rights of the United States to obtain penalties or injunctive relief under the CWA, or under other federal or state laws, regulations, or permit conditions, except as expressly specified herein. The United States reserves all legal and equitable remedies available to enforce the provisions of this Consent Decree; Defendants reserve all legal and equitable defenses to such enforcement.

82. Except as provided in this Consent Decree, in any subsequent administrative or judicial proceeding initiated by the United States for unreimbursed costs, damages, cleanup, remediation, or other appropriate relief relating to the violations alleged in Plaintiff's Complaint and resolved by this Consent Decree, Defendants shall not assert, and may not maintain, any defense or claim based upon the principles of waiver, res judicata, collateral estoppel, issue preclusion, claim-splitting, or any other defenses based on contention that the claims raised by the United States in the subsequent proceeding were or should have been brought in the instant case.

83. This Consent Decree in no way affects Defendants' responsibilities to comply with all federal, state, or local laws, regulations or permits. This Consent Decree is not, and shall not be construed as, a permit or a modification of a permit. Nothing in this Consent Decree shall diminish EPA's ability to request information from Defendants under applicable laws or



regulations. Except as provided in this Consent Decree, Defendants' compliance with this

Consent Decree shall be no defense to any action commenced pursuant to said laws, regulations, orders, contracts, or permits.

84. The United States does not, by consent to the entry of this Consent Decree, warrant or aver in any manner that Defendants' compliance with any aspect of this Consent Decree will result in compliance with provisions of the CWA, or with any other provisions of federal, state, or local laws, regulations, orders, contracts, or permits.

85. This Consent Decree does not limit or affect the rights of the Plaintiff or Defendants against any third parties (parties not specifically part of this Consent Decree), nor does it limit the rights of such third parties against Defendants except as provided by law.

86. This Consent Decree shall not be construed to create rights in, or grant any cause of action to, any third party that is not party to this Consent Decree.

87. Defendants hereby covenant not to sue and agree not to assert any claim against the United States pursuant to the CWA or any other federal law, state law, or regulation, including, but not limited to, any direct or indirect claim for reimbursement from the Oil Spill Liability Trust Fund for any matter related to the violations alleged in the Complaint filed in this action, or related to response activities.

88. This Consent Decree is without prejudice to the rights of the United States against Defendants with respect to all matters other than those expressly specified in Paragraph 79 above, including, but not limited to, the following:

- a. claims based on a failure of Defendants to meet a requirement of this Consent Decree;
- b. criminal liability;
- c. liability for past, present, or future discharges of oil other than those expressly resolved herein;
- d. reimbursement to the federal Oil Spill Liability Trust Fund for any disbursements arising from the Spill or any other related incident, including claims for subrogated claims pursuant to Section 1015 of the Oil Pollution Act, 33 U.S.C. § 2715; and
- e. liability for damages for injury to, or loss of natural resources, and for the cost of any natural resource damage assessments.

#### **XV. COSTS**

89. Each party shall bear its own costs in this action, including attorney's fees; except that the United States shall be entitled to collect the costs of an action brought to enforce this Consent Decree, including attorney's fees, if the United States prevails in that action.

#### **XVI. MISCELLANEOUS**

90. Change in Law. To the extent that there occurs a change in law, including regulations, with which Defendants are obligated to comply under this Consent Decree, expressly including, without limitation, obligations relating to SPCC or FRP facilities or the preparation, maintenance, implementation or updating of SPCC or FRP plans under Paragraphs

14 through 16 and 17 through 19, Defendants' compliance with any such change in the law shall also be deemed compliance with the terms of this Consent Decree.

91. Effects of Field Conversion. As areas within the Facility are converted from "water flood" operations to carbon dioxide ("CO<sub>2</sub>") operations and pipelines in such areas are replaced, Defendants' obligations under Paragraphs 22 through 27 and subparagraphs thereunder (relating to Defendants' Internal-Corrosion Chemical Treatment and Monitoring Program) and Paragraph 37 (Ultrasonic Testing) of this Consent Decree shall terminate with respect to those areas.

92. Integration and Modifications. This Consent Decree (including its attachments) contains the entire agreement between the parties with respect to the settlement embodied herein. The reporting requirements of this Consent Decree may be modified only if such modifications are made in writing and approved by all parties. In all other respects, this Consent Decree may not be enlarged, modified, or altered unless such modifications are made in writing and approved by all parties and the Court.

93. Termination. After Defendants have completed performance of all of their obligations required by this Consent Decree, and no sooner than five (5) years after the Effective Date of this Consent Decree, Defendants may submit to the United States in writing a request for termination, stating that Defendants have satisfied those requirements and all other requisite conditions for termination of the Consent Decree, together with all necessary supporting

documentation. If the United States agrees that the Consent Decree may be terminated, the United States shall file a motion or a joint stipulation for termination of the Consent Decree. If the United States does not agree that the Consent Decree may be terminated, Defendants may invoke dispute resolution under Section XII of this Consent Decree. However, Defendants may not seek dispute resolution of any dispute until ninety (90) Days after service of their Request for Termination. The United States may, upon notice to Defendants, move to terminate this Consent Decree after Defendants have completed the obligations required by this Consent Decree.

94. Retention of Jurisdiction. The Court shall retain jurisdiction to resolve any disputes that arise under this Consent Decree, entering orders modifying this Consent Decree or effectuating or enforcing compliance with its terms.

95. Public Comment. Defendants agree and acknowledge that final approval of this Consent Decree by the United States and entry of this Consent Decree is subject to the requirements of 28 C.F.R. § 50.7, which provides for notice of the lodging of this Decree in the Federal Register, opportunity for public comment for at least thirty (30) Days, and consideration of any comments prior to entry of the Consent Decree by the Court. The United States reserves its right to withdraw its consent to this Consent Decree based on comments received during the public notice period. Defendants consent to entry of this Consent Decree without further notice.

96. Final Judgment. Upon entry by this Court, this Consent Decree shall constitute a final judgment for purposes of Fed. R. Civ. P. 54 and 58.

**XVII. SIGNATORIES/SERVICE**

97. The Assistant Attorney General for the Environment and Natural Resources Division of the Department of Justice, on behalf of the United States, and each undersigned representative of Defendants certifies that he or she is fully authorized to enter into the terms and conditions of this Consent Decree and to execute and legally bind the Party he or she represents to the terms of this Consent Decree.

98. This Consent Decree may be signed in counterparts, and such counterpart signature pages shall be given full force and effect.

99. Defendants agree to accept service of process by mail with respect to all matters arising under or relating to this Consent Decree and to waive the formal service requirements set forth in Rule 4 of the Federal Rules of Civil Procedure and any applicable Local Rules of this Court including, but not limited to, service of a summons.

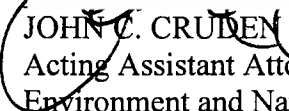
**IT IS SO ORDERED**, this \_\_\_\_\_ Day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
United States District Judge


The Undersigned party enters into this Consent Decree in the matter of United States v. Anadarko Petroleum Corporation, Howell Corporation, and Howell Petroleum Corporation, subject to the public notice and comment requirements of 28 C.F.R. § 50.7.

**FOR PLAINTIFF UNITED STATES OF AMERICA**

May 5, 2009

  
JOHN C. CRUDEN  
Acting Assistant Attorney General  
Environment and Natural Resources Division  
United States Department of Justice

May 5, 2009

  
JOHN N. MOSCATO  
Senior Counsel  
Environmental Enforcement Section  
Environment and Natural Resources Division  
United States Department of Justice  
1961 Stout Street, 8th Floor  
Denver, CO 80294  
Phone: (303) 844-1380

The Undersigned party enters into this Consent Decree in the matter of United States v. Anadarko Petroleum Corporation, Howell Corporation, and Howell Petroleum Corporation, subject to the public notice and comment requirements of 28 C.F.R. § 50.7.

**FOR PLAINTIFF UNITED STATES OF AMERICA**

February \_\_\_\_, 2009

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CAROL STATKUS  
Assistant United States Attorney  
District of Wyoming  
2120 Capitol Avenue - 4<sup>th</sup> Floor  
Cheyenne, WY 82001  
Telephone: (307) 772-2124

The Undersigned party enters into this Consent Decree in the matter of United States v. Anadarko Petroleum Corporation, Howell Corporation, and Howell Petroleum Corporation, subject to the public notice and comment requirements of 28 C.F.R. § 50.7.

**FOR ENVIRONMENTAL PROTECTION AGENCY**

March 2, 2009

\_\_\_\_\_  
CATHERINE McCABE  
Acting Assistant Administrator for Office of Enforcement  
and Compliance Assurance  
U.S. Environmental Protection Agency  
Washington, D.C.

March 27, 2009

ANDREW MICHAEL GAYDOSH  
Assistant Regional Administrator  
Office of Enforcement, Compliance and Environmental  
Justice  
U.S. Environmental Protection Agency, Region 8  
1595 Wynkoop Street  
Denver, CO 80202-1129

March 31, 2009

\_\_\_\_\_  
BRENDA MORRIS  
Enforcement Attorney  
U.S. Environmental Protection Agency, Region 8  
1595 Wynkoop Street  
Denver, CO 80202-1129



The Undersigned party enters into this Consent Decree in the matter of United States v. Anadarko Petroleum Corporation, Howell Corporation, and Howell Petroleum Corporation, subject to the public notice and comment requirements of 28 C.F.R. § 50.7.

**FOR SETTLING DEFENDANTS ANADARKO  
PETROLEUM CORPORATION, HOWELL  
CORPORATION, AND HOWELL  
PETROLEUM CORPORATION:**

February 18, 2009

JAMES J. KLECKNER  
Vice President of Anadarko Petroleum Corporation  
Vice President of Howell Corporation  
Vice President of Howell Petroleum Corporation

**Attachment A**

SPCC Facility	2003 Volume (gallons)	2007 Volume (gallons)
EB Btry 10	306,600	306,600
EB Btry 11	319,200	308,280
EB Btry 18	54,600	307,650
EB, Federal Capshaw #7	16,800	16,800
EB, Frontier 175 Btry	33,600	33,600
EB, Howell USA 23-2	16,800	16,800
EB, Howell USA 25-7	16,800	16,800
EB, Howell USA 31-1	12,600	4,620
EB, Howell USA 31-2	16,800	8,400
EB, Howell USA 31-3	4,200	21,420
EB, Howell USA 34-1	16,800	16,800
EB, Howell USA 34-10	16,800	12,600
EB, Howell USA 34-2	16,800	16,800
EB, Howell USA 34-4	16,800	16,800
EB Station 7	1,302,000	1,302,000
EB South Water Flood	378,000	588,000
EB Stlte Btry 4	5,040	5,040
EB Stlte Btry 6	15,120	15,120
EB Stlte Btry 6-2	19,320	22,050
EB Stlte Btry 7	26,040	26,040
NWEB Btry	172,200	157,500
SC Btry 20	789,600	663,600
SC Btry 10	651,000	630,504
SC Btry 11	1,161,300	1,160,124
SC Btry 4	1,187,340	1,018,542
SC Btry 5	1,074,444	1,077,384
SCSU Tank Btry B	126,000	168,000
SCSU Tank Btry A	299,082	328,104
Sussex B2 & C	392,238	602,322
Tensleep A	89,460	85,932
W Sussex A2	87,486	124,404

**ATTACHMENT B**

**Anadarko Facilities Subject to Consent Decree Facility Response Plan Requirements**

<b>FRP Facilities</b>	<b>2003 Volume (gallons)</b>	<b>2007 Volume (gallons)</b>
Salt Creek Btry 4	1,187,340	1,018,542
Salt Creek Btry 5	1,074,444	1,077,384
Salt Creek Btry 11	1,161,300	1,160,124
Elk Basin Station 7	1,302,000	1,302,000



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 8

1595 Wynkoop Street  
DENVER, CO 80202-1129  
Phone 800-227-8917  
<http://www.epa.gov/region08>

8ENF-UFO

Via April 6, 2007 e-mail

Mr. Ingram Lec  
Anadarko Petroleum Corporation  
1201 Lake Robbins Drive  
The Woodlands, TX 77380-1160

Re: Spill Prevention Control and Countermeasure Plan review

Dear Mr. Lee:

On November 22, 2006, the United States Environmental Protection Agency Region 8 (EPA) sent Anadarko Petroleum Corporation and Howell Corporation (Anadarko/Howell) a Request for Information pursuant to Section 308 of the Clean Water Act. Anadarko/Howell submitted its response in a letter dated February 21, 2007, which included twenty two Spill Prevention Control and Countermeasure (SPCC) Plans. EPA has reviewed seven of the Salt Creek, three of the Elk Basin, and one of the Linch operation SPCC Plans provided by Anadarko/Howell and herein is providing you with a list of deficiencies found in the reviewed SPCC Plans provided by Anadarko/Howell in its February 21, 2007 response.

**Deficiencies in all the SPCC Plans:**

The plans address only the bulk storage areas and not the wells and gathering lines. The definition found in 40 CFR §112.2 states:

*“Production facility means all structures (including but not limited to wells, platforms, or storage facilities), piping (including but not limited to flowlines or gathering lines), or equipment (including but not limited to workover equipment, separation equipment, or auxiliary non-transportation-related equipment) used in the production, extraction, recovery, lifting, stabilization, separation or treating of oil, or associated storage or measurement, and located in a single geographical oil or gas field operated by a single operator.”*

Parts A and B do not address general containment provided for pipes (gathering lines, flow lines, etc.) and loading areas, which is required by 40 CFR §112.7(c). The plans do indicate that there are no loading racks.

Parts A and B have no discussion of inspecting and removing oil from field drainage, which is required by 40 CFR §112.9(b)(2). Please make provisions in your plans for regularly scheduled inspections of field drainage systems (such as drainage ditches or road ditches), and oil traps, sumps, or skimmers, for an accumulation of oil that may have resulted from any small discharges and the means by which accumulations of oil will be removed.

Parts A and B have no discussion of undiked drainage areas which are required by 40 CFR §112.9(c)(2). Please explain in the plans how you will safely confine drainage from undiked areas in a catchment basin or holding pond.

Part B of the plans has standard language referencing opening a drain valve for draining stormwater from the berms to the wastewater system or the ground. Many of the facilities do not have drain valves. This paragraph needs to be amended to address the conditions at each facility. There is no mention of removing oil before discharging rain water, which is subject to 40 CFR §112.9(b)(1). Please include in your plans a description of how you will remove accumulated oil on the rainwater and return it to storage or dispose of it in accordance with legally approved methods.

### **Deficiencies in the specific SPCC Plans**

#### Salt Creek Battery A

Facility description and diagram indicate equalization lines between some of the tanks, yet the plan indicates that the measures used to avoid a release are adequate capacity to prevent an overflow and vacuum protection. The plan must address all the good engineering practices used at the facility to prevent discharges.

The facility diagram shows a header which does not appear on Table B-1.

The facility diagram shows the header and LACT unit do not have secondary containment. The plan must explain why these units do not need secondary containment and what environmental equivalent measures are being used.

Containment calculations for Earthen Berm A-1 do not include the displacement of the gas boots and pumps. Please correct the calculations to reflect the volume displaced by this equipment.

Containment calculations are present for Earthen Berm A-3, but this berm is not on the diagram. Please correct the diagram to show this containment structure.

Containment calculations for the steel containment structure do not match any of the containers on the diagram or Table B-1.

There are no calculations for the steel containment structure surrounding the 500-gallon lube oil tank.

#### Salt Creek LACT 4

The facility diagram shows headers and gas boots which do not appear on Table B-1.

Table B-1 and the diagram have two tanks labeled 407. Please correct the tank labeling on the Table and diagram.

Containment calculations for Earthen Berm 4-1, lists a Tank 1012, which is not on Table B-1 and the diagram. Please correct the calculations to accurately represent the tanks at this facility.

Containment calculations for Earthen Berm 4-1 do not include the displacement of the LACT and Tank 425, CO2 knockout, headers, gas boots, and pumps. Correct the calculations to reflect the volume displaced by this equipment.

Containment calculations for Earthen Berm 4-2 do not appear to consider the displacement of the compressor building. Please correct the calculations to reflect the volume displaced by this building.

#### Salt Creek LACT 5

The facility diagram shows two gas boots which do not appear on Table B-1.

Containment calculations for Earthen Berm 5-1, lists a 90-bbl. out-of service water transfer tank which is not on Table B-1 and the diagram.

Containment calculations for Earthen Berm 5-1 do not appear to address the four 177 bbl CO2 separators, the 19 bbl CO2 knockout, buildings, manifolds, gas boots, pumps, and drum and tote containments. Please correct the calculations to reflect the volume displaced by this equipment.

The diagram indicates that Tank 506 is out of service, yet Table B-1 indicates that it contains crude oil. Verify the status of this tank and correct the diagram or Table.

#### Salt Creek LACT 10

The facility diagram shows a manifold and two gas boots which do not appear on Table B-1.

Containment calculations for Earthen Berm 10-1 do not appear to consider the displacement of the LACT building, transfer pumps, manifold, and gas boots. Please correct the calculations to reflect the volume displaced by this equipment and building.

#### Salt Creek LACT 11

Is the Skim Tank Coyote on the diagram labeled as Skim Tank 1113 on Table B-1?

The facility diagram shows two gas boots which do not appear on Table B-1.

The facility diagram shows three water transfer pumps in secondary containment adjacent to the water transfer tanks. These pumps do not appear on Table B-1 and there are no containment calculations for this containment area.

Containment calculations for Earthen Berm 11-1 do not appear to consider the displacement of the two gas boots, recycle pumps, LACT Unit, 350 gallon tote, and 55 gallon drums. Please correct the calculations to reflect the volume displaced by this equipment.

Containment calculations for Earthen Berm 11-1 contain inaccurate calculations in the Net Dike Capacity and the Excess Dike Capacity formulas. Please check all numbers used in these calculations, and correct the total capacity and net capacity numbers and recalculate containment.

There are no containment calculations for the 500 gallon lube oil tank.

#### Salt Creek LACT 20

LACT Unit is not listed on Table B-1.

Containment calculations for Earthen Berm 11-1 do not appear to consider the displacement of the LACT Unit and recycle pumps. Please correct the calculations to reflect the volume displaced by this equipment.

#### Sussex Tensleep A Battery

Facility description and diagram indicate equalization lines between some of the tanks, yet the plan indicates that the measures used to avoid a release are adequate capacity to prevent an overflow and vacuum protection. The plan must address all the good engineering practices used at the facility to prevent discharges.

Containment calculations for Earthen Berm SX-Ten-A-1 is confusing since the facility diagram shows two berms with a third berm around them. There are no displacement calculations for the earthen berms inside the largest berm. How are the three parts of the containment connected?

The road also appears to cross the berm SX-Ten-A-1 in two places. Is the berm height still one foot in these locations?

Containment calculations for Earthen Berm SX-Ten-A-2 do not include displacement for the 110 gallon chemical tank containment. Please correct the calculations to reflect the volume displaced by this equipment.

#### Elk Basin Station 7

Facility description and diagram indicate equalization lines between tanks 6 and 7, yet the plan indicates that the measures used to avoid a release are adequate capacity to prevent an overflow and vacuum protection. The plan must address all the good engineering practices used at the facility to prevent discharges.

Containment calculations for Earthen Berm S7-A does not include the footprints for the two buildings and the 800 gallon chemical tank. Please correct the calculations to reflect the volume displaced by these buildings and equipment.

Please describe how liquid will overflow from Earthen Berm S7-B into only the catch basin located to the west of the tanks. The diagram indicates that flow would also go north and east and stormwater direction flow is to the northwest.

Containment calculations for containment S7-C state "no additional equipment in containment". Table B-1 and the facility diagram indicate that there are also a 1,000 gallon, 500 gallon, 275 gallon, and 800 gallon containers in this containment structure. Please correct the calculations to reflect the volume displaced by these containers.

#### Elk Basin Gas Plant

No provision for master flow and drain valves to have security measures to keep them in the closed position when in a non-operating or non-standby mode as required by 40 C.F.R. §112.7(g)(2).

No procedures to lock the starter controls on oil pumps in the off position or to locate them in a site accessible only to authorized personnel when the pump is in a non-operating or non-standby status as required by 40 C.F.R. §112.7(g)(3).

No procedure to cap or blank-flange the loading/unloading connections of piping when not in service or in standby service for an extended time as required by 40 C.F.R. §112.7(g)(4).

No procedures to promptly correct visible discharges and remove accumulations of oil as required by 40 C.F.R. §112.8(c)(10).

No procedure to position or locate mobile or portable containers to prevent a discharge as required by 40 C.F.R. §112.8(c)(11). Table B-1 identifies many 55 drums, but the cross reference table indicates N/A for this requirement.

Section B1.3- The last sentence should reference §112.8 not §112.9.

Section B1.4- Facility description does not address the oil containers at the facility.

Section B1.8- states that an FRP is being prepared for this facility. Is this correct?

Tank numbers on Table B-1 do not match tank numbers on the process flow and facility diagrams. There are tanks on the facility diagram that have no number associated with them.

Total oil storage at the gas plant appears to be calculated to high, based on the tanks that are identified as containing oil.



NW Elk Basin, Madison Battery 12

The facility diagram shows there is no secondary containment for the load-out area. There is no description of containment measures in the plan as required by 40 C.F.R. §112.7(c).

Containment calculations for Earthen Berm NWEB-A does not include the footprints for the buildings. Please correct the calculations to reflect the volume displaced by the buildings.

This is EPA's third review of Anadarko's SPCC Plans. Initially, the review process was undertaken by EPA as part of our collective settlement effort. EPA has now gathered sufficient information on Anadarko's SPCC Plans to guide it in future settlement negotiations. EPA does not intend to conduct further reviews of Anadarko's SPCC Plans as part of our ongoing settlement negotiations. Going forward, the burden is on Anadarko to ensure that its SPCC Plans come into compliance with applicable requirements and are revised in a timely manner when changes on the ground warrant. If you have questions, I can be reached at (303) 312-6201.

Sincerely,

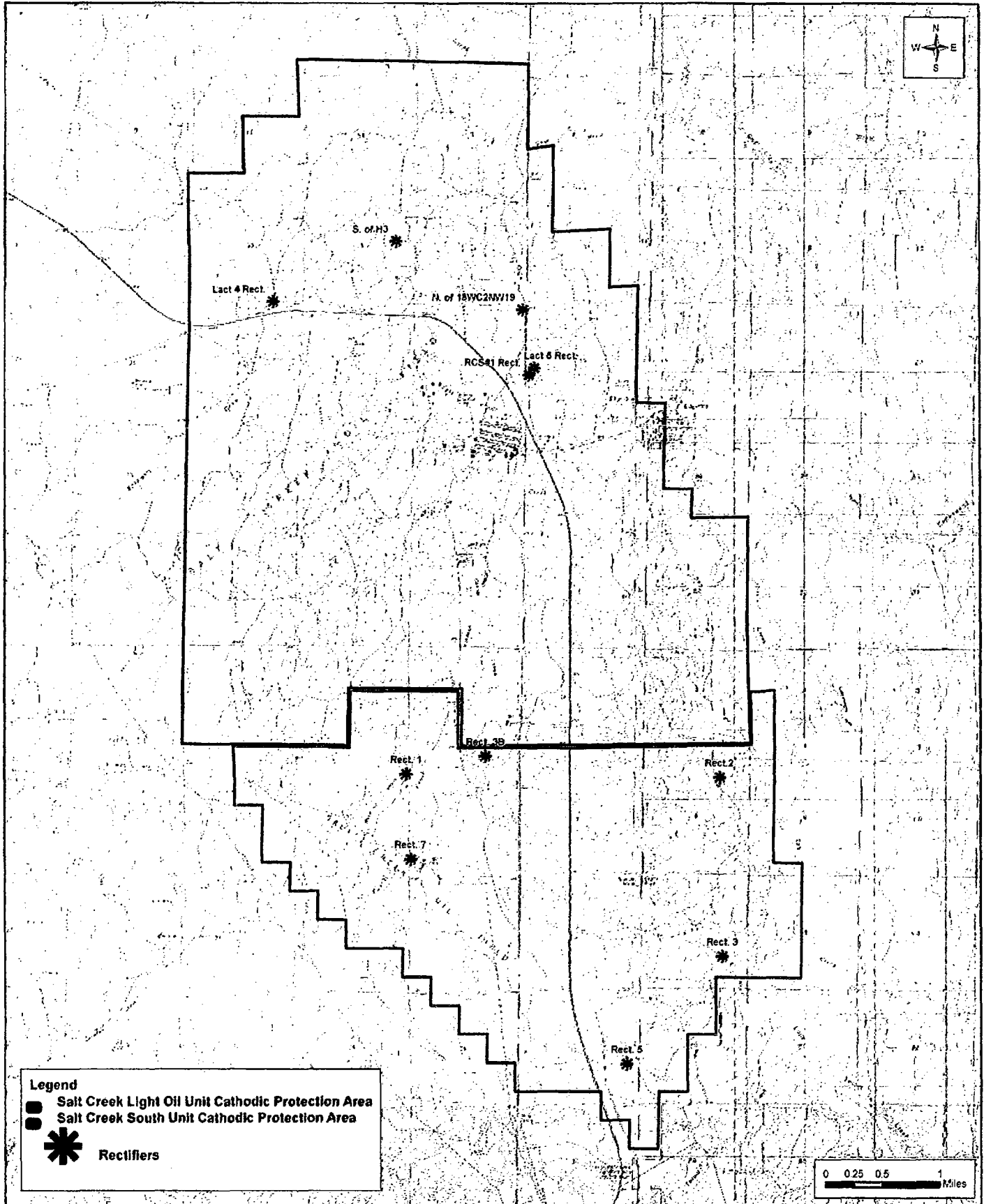
Donna K. Inman  
Technical Enforcement Program  
Office of Enforcement, Compliance and  
Environmental Justice

cc: John Moscato, DOJ  
Brenda Morris, FNF-L  
File



Attachment D

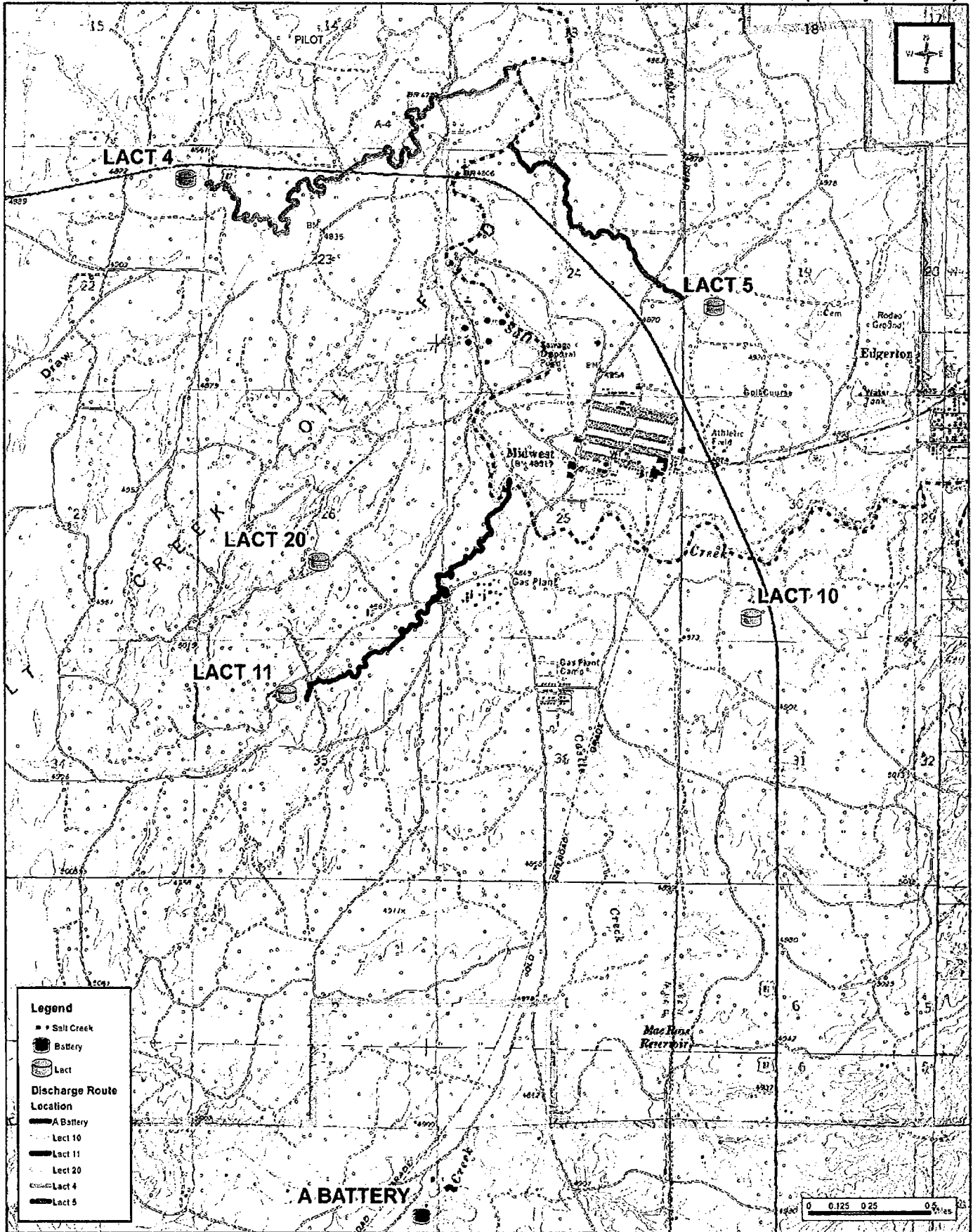
Consent Decree, United States v. Anadarko Petroleum Corporation, et al., (D. Wyo. 2009)



Salt Creek Operations Center Rectifiers

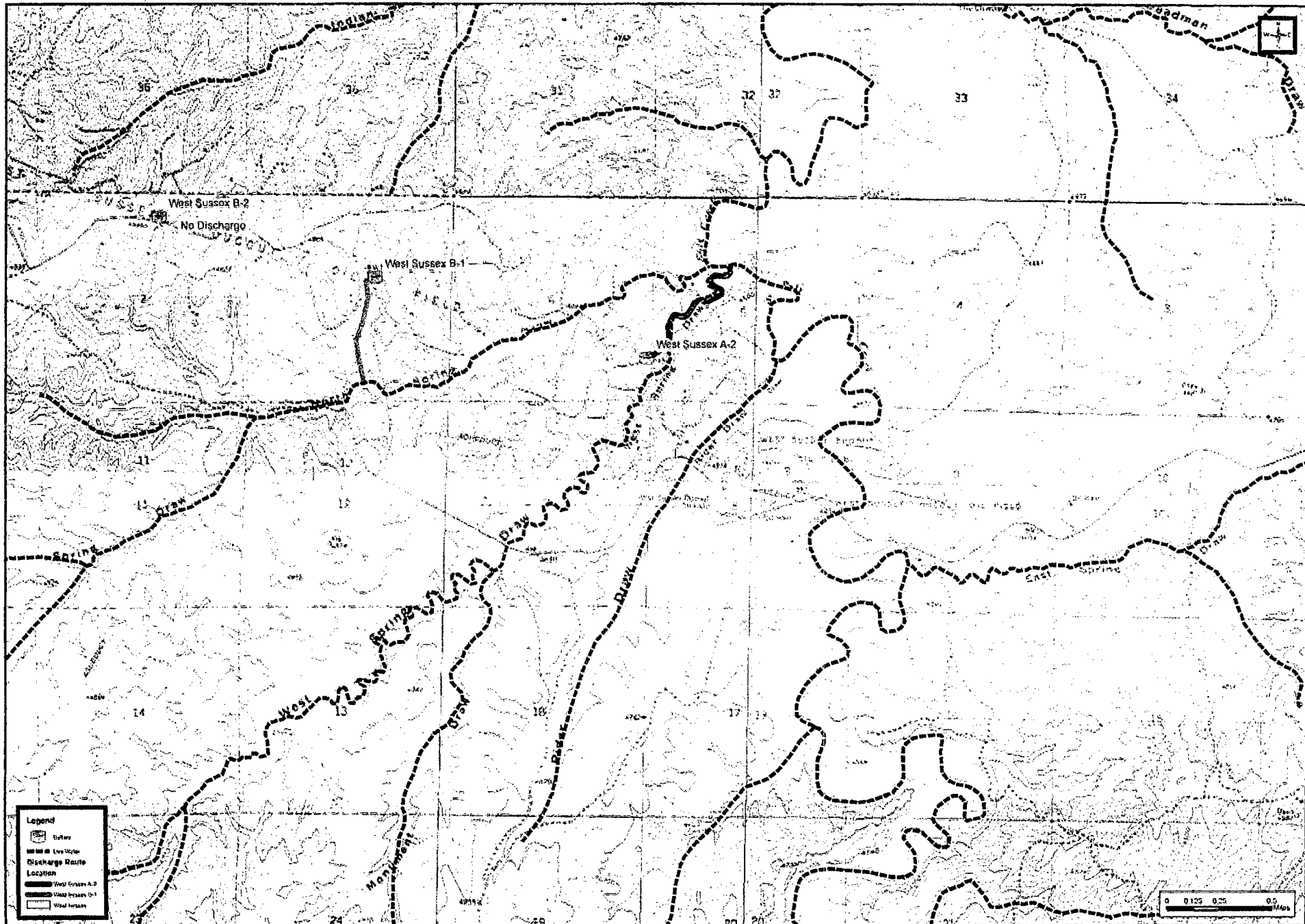
# Attachment E1

## Consent Decree, United States v. Anadarko Petroleum Corporation, et. al., (D. Wyo. 2009)



Salt Creek Operations Center  
Lact 4, 5, 10, 11, 20 and A Battery Discharge

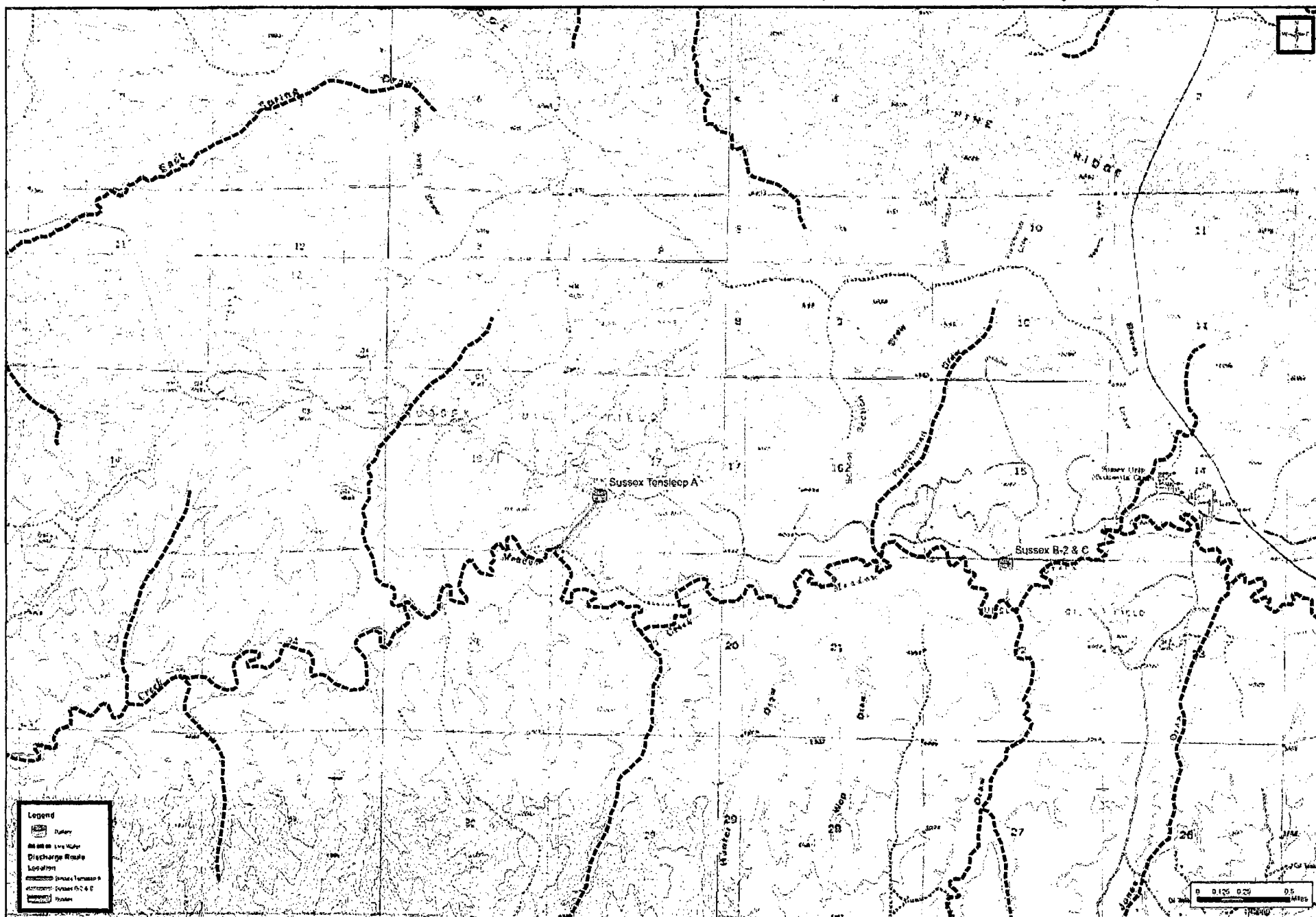
Attachment E 2  
Consent Decree, United States vs. Anadarko Petroleum Corporation, et. al., (D. Wyo. 2009)



Linch Area Operations Center  
West Sussex Discharge



Attachment E 4  
Consent Decree, United States v. Anadarko Petroleum Corporation, et. al., (D. Wyo. 2009)



Linch Area Operations Center  
Sussex Discharge