

# Anadarko's Expenditures Related to Mitigation From the \$4 Billion Settlement With BP

## 3.4 BPXP will use the Cash Payment to pay the claims of Persons whose injuries and damages arise out of or relate to the *Deepwater Horizon* Incident.

### CONFIDENTIAL SETTLEMENT AGREEMENT, MUTUAL RELEASES AND AGREEMENT TO INDEMNIFY

This Settlement Agreement, Mutual Releases, and Agreement To Indemnify ("Agreement") is entered into on October 16, 2011, (the "Effective Date") by BP Exploration & Production Inc., a Delaware corporation; Anadarko Petroleum Corporation, a Delaware corporation; and Anadarko E&P Company LP, a Delaware limited partnership (collectively, the "Parties"). BP Corporation North America Inc. and BP p.l.c. shall be a party to this Agreement solely for the purposes of paragraph 5.4(b) and Article VII.

For and in consideration of the mutual promises and releases set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties stipulate and agree as set forth herein below.

#### I. RECITALS AND ACKNOWLEDGEMENTS

1.1 BP Exploration & Production Inc. ("BPXP"), Anadarko Petroleum Corporation ("APC"), and Anadarko E&P Company LP ("AEP") are parties to the "Macondo Prospect Offshore Deepwater Operating Agreement" (the "Operating Agreement"), the "Lease Exchange Agreement," and the "Ratification and Joinder of Operating Agreement Macondo Prospect," all with an effective date of October 1, 2009, and related and ancillary agreements (collectively, and including the "Macondo Prospect Well Participation Agreement" dated as of October 1, 2009 to which BPXP and APC are parties, the "Contracts"). BPXP and APC currently own a 75% working interest and 25% working interest, respectively, in and to federal oil and gas lease OCS-G 32306 in block 252 of the Mississippi Canyon protraction area of the Gulf of Mexico ("MC252"), which is commonly called the Macondo Prospect. Although AEP previously owned a 22.5% record title interest in the MC252 lease, AEP assigned that interest to APC, effective April 1, 2010, prior to the *Deepwater Horizon* Incident. Hereafter, APC and AEP will be collectively referred to as "Anadarko." Under the Operating Agreement, BPXP serves as Operator of the block and thereafter invoices the other co-owners for their working-interest share of expenditures, costs, and indebtedness relating to activities and operations under the Operating Agreement ("Costs"). BPXP has taken the position that billable Costs under the Operating Agreement include costs related to oil spills, including containment and removal equipment, the cost of control and cleanup, third-party claims, other resulting responsibilities under applicable laws and regulations, and a number of other categories of past and future expenditures related to spills. APC has not reimbursed BPXP for these Costs incurred after the *Deepwater Horizon* Incident, and has taken the position that the Operating Agreement does not require it to pay these Costs under the circumstances.

1.2 BPXP, Anadarko, and various of the BP Released Parties and Anadarko Released Parties (as defined below) are defendants or otherwise involved, or may in the future become involved, in lawsuits, arbitrations, administrative proceedings, regulatory proceedings, and criminal investigations and other proceedings arising out of or related to the *Deepwater Horizon* Incident (collectively, "the Litigation").

1.3 The BP Released Parties and the Anadarko Released Parties now desire to resolve their disputes related to and arising out of the *Deepwater Horizon* Incident and their duties under

CONFIDENTIAL SETTLEMENT AGREEMENT

HIGHLY CONFIDENTIAL

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