SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement ("Agreement") is entered into by and among: (1) the United States of America ("United States"), acting through the Department of Justice ("DOJ") and the United States Department of the Interior ("DOI"), itself acting through the Minerals Management Service ("MMS") and the Bureau of Indian Affairs ("BIA") on behalf of itself and on behalf of various individual Indian mineral owners; (2) the Jicarilla-Apache Tribe, the Southern Ute Tribe and the Ute Mountain Ute Tribe (collectively the "Tribes"); and (3) Burlington Resources Inc. ("BRI"); Burlington Resources Oil & Gas Company LP ("BROG" f/k/a "Meridian Oil, Inc."); Burlington Resources Trading Inc. ("BRTI" f/k/a "Meridian Oil Trading, Inc."); and Burlington Resources Gathering Inc. ("BRGI" f/k/a "Meridian Oil Gathering, Inc.")[1] (collectively "Burlington"), all of the above, collectively, the "Settlement Parties."

RECITALS

A. At all relevant times, BRI was a Delaware corporation whose wholly-owned subsidiaries were engaged in the business of producing, transporting, and selling natural gas, including natural gas removed from federal and Indian lands under numerous leases located in various units, counties, reservations, and states. BRI became a wholly-owned subsidiary of ConocoPhillips on March 31, 2006.

B. On August 2, 1996, Relator Harrold E. ("Gene") Wright, filed a *qui tam* suit against Burlington and others under the False Claims Act ("FCA"), 31 U.S.C. § 3729 *et seq.*, in the United States District Court for the Eastern District of Texas, captioned *United States of America ex rel. Harrold E. ("Gene") Wright v. AGIP Petroleum Co. et al.,* Civil Action No. 5:03CV264 (formerly 9:98-CV-30) (E.D. Tex.) ("Wright Action").

C. On March 28, 2000, the United States intervened in the Wright Action against Burlington, among others.

D. On May 30, 2000, the United States filed the Complaint of the United States of America ("United States' FCA Complaint") in the Wright Action, naming Burlington as a defendant and alleging that Burlington underreported the value of natural gas and natural gas liquids (hereinafter collectively "natural gas") and underreported and underpaid royalties due on federal and Indian leases. Burlington contends the allegations are without merit and that it properly accounted for and paid royalties to the MMS and the Tribes.

E. On May 31, 2002, the Court granted a motion by Mr. Wright to voluntarily dismiss with prejudice his own claims against Burlington in the Wright Action, without prejudice to the claims of the United States.

F. On October 20, 1995, MMS, through its State and Indian Compliance Division ("SICD"), issued an "Order to Pay Additional Royalties" ("1995 Order"), directing Burlington to pay additional royalties of $518,304 on Federal Lease Nos. 082-078356-0, 082-078884-0, 029-

[1] As of August 26, 2003, BRGI was merged into BROG.

002151-0, 082-078423-0, and 082-078399-0 and for Federal Unit Nos. 891-000538-0, 891-001650-0, 891-001650-A, 891-001650-B, 891-001059-D, 892-000943-0, 892-000943-A, 892-000943-B, for alleged volume disputes, improper application of the benchmarks, and incorrect application of unit tract allocation for the audit period January 1, 1989, through December 31, 1991. The 1995 Order also required Burlington to recalculate royalties due for prices that were reduced for alleged incorrect tariff deductions, an incorrect liquid credit calculation, and incorrectly deducted marketing costs and costs to place the gas in marketable condition. The New Mexico Taxation and Revenue Department's Oil and Gas Audit Section ("New Mexico") conducted this audit in accordance with Section 205 of the Federal Oil and Gas Royalty Management Act of 1982 ("FOGRMA"), 30 U.S.C. § 1735.

G. On October 28, 1996, MMS issued an "Order to Pay Additional Royalties" ("1996 Order") based on an audit performed by New Mexico. The 1996 Order directed Burlington to pay additional royalties of $3,600,584 on Unit Agreement Nos. 891-000538-A and 892-000929-B for alleged improper application of the benchmarks, incorrect application of unit tract allocation, and disallowed transportation deductions and costs to place the gas in marketable condition for the audit period January 1, 1989, through December 31, 1991.

H. On June 9, 1997, MMS issued an "Order to Perform Restructured Accounting" ("1997 Order") for the audit period January 1, 1989, through December 31, 1994. The 1997 Order directed Burlington to perform certain steps for the period from January 1, 1989, through December 31, 1996. Burlington was directed to identify all federal and Indian leases with natural gas production that is transferred to its affiliates and to identify the effective date of the first transfer to the affiliate and calculate the difference between the royalty paid and the royalty that would be due if calculated from the affiliates' gross proceeds.

I. Burlington appealed the 1995 Order, the 1996 Order, and the 1997 Order to the MMS Director. The appeal of the 1995 Order is pending and is docketed as Appeal No. MMS-095-0740-O&G. The appeal of the 1996 Order is pending and is docketed as Appeal No. MMS-096-0437-O&G. The appeal of the 1997 Order is pending and is docketed as Appeal No. MMS-097-0168-O&G. The 1995, 1996, and 1997 Orders referenced in Paragraphs F, G, and H above and the Appeals referenced in this Paragraph I are hereinafter referred to collectively as "the Administrative Proceedings."

J. In the United States' FCA Complaint and in the Administrative Proceedings, the United States contends that: 1) between March 1, 1988, and March 31, 2005, Burlington took excessive and/or otherwise impermissible deductions for the costs of transportation of excess carbon dioxide, the costs of treatment to remove carbon dioxide from natural gas, and the costs of transportation of natural gas, produced from federal and Indian coal seam leases and reported on Burlington's MMS 2014 forms under payor code numbers 21625, 24890, 38334, 48955, and 50210, and product codes 03, 04, or 07; and 2) between March 1, 1988, and December 31, 1997, Burlington otherwise underreported the value of natural gas produced from federal and Indian leases and reported on Burlington's MMS 2014 forms under payor code numbers 21625, 24890, 38334, 48955, and 50210, and product codes 03, 04, or 07. Subject to the exceptions in Paragraph 5(a), the conduct by Burlington specified in the preceding sentence, including as alleged in the Wright Action and the Administrative Proceedings, will hereinafter be referred to as "the Covered Conduct."

K. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the claims for the Covered Conduct, the Settlement Parties reach a full and final settlement pursuant to the terms and conditions below.

L. This Agreement is neither an admission of liability by Burlington nor a concession by the United States that its claims are not well-founded.

TERMS AND CONDITIONS

1. Burlington agrees, within ten (10) business days of the Effective Date of this Agreement, to pay to the United States by electronic funds transfer pursuant to written instructions to be provided by DOJ: the sum of $97,550,362 (the "Settlement Amount") and interest on the Settlement Amount at the rate established at 30 C.F.R. § 218.54 (2006) from September 1, 2006 ("Interest"). Said Interest shall begin to accrue on September 1, 2006 and shall continue to accrue until the Settlement Amount is paid in full by Burlington to the United States pursuant to the terms of this Agreement.

2. Subject to the exceptions in Paragraph 5, and except for the adjustments in Paragraph 6, in consideration of the obligations of Burlington set forth in this Agreement, and conditioned on Burlington's full payment of the Settlement Amount and Interest as specified in Paragraph 1, the United States (on behalf of itself, its officers, agents, agencies and departments) releases Burlington together with its predecessors, successors, assigns, and affiliates (as defined in Paragraph 13) and any of its respective current or former directors, officers, employees or agents, from any civil monetary claim the United States may have for the Covered Conduct under: the FCA, 31 U.S.C. § 3729 *et seq.*, FOGRMA, 30 U.S.C. § 1722, or the common law theories of unjust enrichment, disgorgement, breach of contract, and fraud,

3. Subject to the exceptions in Paragraph 5, and except for the adjustments in Paragraph 6, in consideration of the obligations of Burlington set forth in this Agreement, and conditioned on Burlington's full payment of the Settlement Amount and Interest as specified in Paragraph 1, the Department of Interior and the Tribes: 1) release Burlington together with its predecessors, successors, assigns, or affiliates (as defined in Paragraph 13) and any of its respective current or former directors, officers, employees and agents, from any civil or administrative claims, actions, lawsuits, judgments, demands, fees, obligations or liabilities, arising out of or related to the Covered Conduct and 2) agree to refrain from instituting or maintaining any action to suspend or debar or otherwise exclude Burlington, its predecessors, successors, assigns, and affiliates (as defined in Paragraph 13) and any of its respective current or former directors, officers, employees and agents, from competing for, receiving award of, or performing any contract, grant, lease, or other financial arrangements because of the Covered Conduct.

4. Subject to the exceptions in Paragraph 5, and except for the adjustments in Paragraph 6, Burlington together with its predecessors, successors and assigns, and any of its respective current or former directors, officers, employees and agents, hereby releases and forever discharges the Department of Interior and the Tribes, from any and all actions, suits, judgments, liabilities, demands, fees, interest or obligations, including any claims for refund or credit for royalty or other payments made, arising out of or related to the Covered Conduct.

5. Notwithstanding any term of this Agreement, specifically excluded from the scope and terms of this Agreement as to any entity or person (including Burlington) are the following claims of the United States:

a. Any claims for the following conduct:

i) Underreporting and/or underpaying royalties for federal offshore production;

ii) Underreporting and/or underpaying royalties with respect to gas produced from federal and Indian leases for the period January 1, 1998 through March 31, 2005 where that gas was transported on or treated in any conventional gas transportation system or conventional gas processing plant (i.e. any transportation system or gas processing facility other than the Val Verde Transportation System and Treating Facility, the Manzaneres Transportation System, and the Milagro Treating Facility).

iii) Underreporting and/or underpaying royalties on Indian leases based on the failure to comply with the unique requirements of Indian leases such as index zone and major portion analysis, safety net calculations, arm's length dedicated contracts and/or dual accounting;

iv) Underreporting and/or underpaying royalties based on incorrect measuring or otherwise understating the volume of natural gas produced from and/or allocated to federal and Indian leases, including, but not limited to, the claims currently pleaded by Relator Jack Grynberg in *In Re: Natural Gas Qui Tam Litigation*, MDL 9-MD-1293-D (D. Wyo.);

v) Underreporting and/or underpaying interest based on the claims currently pleaded in *United States ex rel. Randy L. Little and Lanis G. Morris v. ENI Petroleum Co., et al.*, Civ. 05-1397-M (W.D. Okla.);

vi) Underreporting and/or underpaying royalties for products other than natural gas reported under product codes 03, 04, or 07;

vii) Underreporting and/or underpaying royalties with respect to gas produced from Federal or Indian leases other than as paid or reported on MMS 2014s under payor code numbers 21625, 24890, 38335, 48955, and 50210;

viii) Use of an improper royalty rate; and

ix) Underreporting and/or underpaying royalties for Southern Ute or Cheyenne and Arapaho Indian tribal production, except for claims under the FCA.

b. Any liability to the United States (or its agencies) or to the Tribes for any conduct other than the Covered Conduct;

c. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (the Internal Revenue Code);

d. Any criminal liability;

e. Except as explicitly stated in this Agreement, any administrative liability;

f. Any liability based on such obligations as are created by this Agreement.

6. Provisions for Retroactive Volume Adjustments:

a. MMS and Burlington agree that Burlington may be required to make retroactive volume adjustments to natural gas production prior to March 30, 2005. For example, Burlington may have a lease which is allocated production from a unit that is approved after April 1, 2005, retroactive to periods prior to March 30, 2005. MMS and Burlington agree that such volume adjustments are not covered by the Agreement.

b. For such retroactive incremental volume adjustments that are made after April 1, 2005, and are for production through March 30, 2005, Burlington will use the *BP America Co. v. Watson*, 410 F.3d 722 (D.C. Cir. 2005), *cert. granted*, 74 U.S.L.W. 3584 (U.S. April 17, 2006) (No. 05-66), valuation method for natural gas produced from Burlington's federal and Indian coal seam leases.

7. Contemporaneously with execution of this Agreement, the United States and Burlington shall execute the attached Stipulation of Dismissal and Order of Dismissal (Exhibit A). The United States shall file the Stipulation with the United States District Court for the Eastern District of Texas within ten business days of the receipt of the payment described in paragraph 1. Within twenty-five business days of the execution of this Agreement by all parties, Burlington will withdraw with prejudice the appeals docketed as MMS-095-0740-O&G; MMS-096-0437-O&G; and MMS-97-0168-O&G, and the DOI will release all bonds and other surety posted by Burlington in connection with the Administrative Proceedings.

8. Burlington waives and will not assert any defenses Burlington may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eight Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the United States concerning the characterization of the Settlement Amount for purposes of the Internal Revenue Code, Title 26, U.S. Code.

9. Contingent on the United States fulfilling the obligations set forth in Paragraph 7 of this Agreement, Burlington hereby fully and finally releases the United States, its agencies, employees, servants, and agents from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) which Burlington has asserted, could have asserted, or may assert in the future against the United States, its agencies, employees, servants, and agents, related to the Covered Conduct and the United States' investigation and prosecution thereof.

10. The Tribes expressly release and forever discharge the United States, its agencies, officials, and employees from any and all claims, actions, suits, judgments, liabilities, demands, fees, royalties, interest, or obligations in any other demand, administrative proceeding, litigation, arbitration, mediation, settlement conference, or similar action, arising out of, emanating from, or otherwise associated with the issues described in this Agreement as the Covered Conduct. Such claims include, but are not limited to, additional royalties, attorneys' fees, costs and expenses, whether known or unknown, associated with the Agreement for the Covered Conduct.

11. Burlington agrees that all costs (as defined by Federal Acquisition Regulation 31.205-47(a)) incurred by or on behalf of Burlington and its successors, affiliates, parents, subsidiaries, officers, directors, agents, or employees in connection with the following are unallowable costs for government accounting purposes:

a. The matters covered by this Agreement;

b. The United States' audit(s) and civil investigation(s) of the matters covered by this Agreement;

c. Burlington's investigation, defense, and corrective actions undertaken in response to the United States' audit(s) and civil investigation(s) in connection with the matters covered by this Agreement (including attorney's fees);

d. The negotiation and performance of this Agreement; and

e. The payments Burlington makes to the United States pursuant to this Agreement.

The unallowable costs will be separately accounted for by Burlington. Burlington will not charge such unallowable costs directly or indirectly to any contracts with the United States. Any such cost previously submitted or treated by Burlington as an allowable cost for government accounting purposes shall be withdrawn and any charge or charges previously submitted that were based on such cost shall be adjusted accordingly.

12. The Settlement Parties agree that each party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

13. For the purposes of this Agreement, the term "affiliate" shall mean, with respect to Burlington, all corporations, partnerships, limited liability companies or other entities that directly or indirectly through one or more intermediaries, (i) are/were controlled by, or are/were under common control with Burlington, or (ii) control/controlled Burlington. For the purpose of this definition, the term "control" when used with respect to an entity means (a) the beneficial ownership (as defined in Rule 13d-3 promulgated under the Securities and Exchange Act of 1934, as amended) of 50 percent or more of the voting interest in such entity, or (b) the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of such entity, whether through the ownership of voting securities, by contract or otherwise.

14. Burlington shall have no obligation to submit or revise Forms MMS-2014 with respect to the payment referenced in Paragraph 1. Burlington shall have no obligation to make corrections or recalculations (except as required in Paragraph 6(a)), submit reports, adjust prior royalty payments, or file amended forms relating to the Covered Conduct. Subject to the record retention provisions of 30 U.S.C. §§ 1713(b) and 1724(f), Burlington is otherwise released from any record retention requirements for the Covered Conduct.

15. It is specifically understood and agreed that this Agreement is executed for the sole purpose of settling the claims described herein for the Covered Conduct. No Party shall be deemed to have approved, accepted, or consented to any concept, method, theory, principle, statutory, regulatory, or contractual interpretation, underlying or supposedly underlying, any of the matters agreed to herein, or raised in connection with the Covered Conduct. This Agreement shall have no precedent-setting value and shall not be binding on any party as to any issues, leases, or any time periods, other than those specifically addressed herein.

16. The Agreement is intended to be for the benefit of the Settlement Parties only. The Settlement Parties do not release any claims against any other person or entity except as set forth in this Agreement.

17. The parties agree that, if the United States District Court for the Eastern District of Texas fails to enter an Order of Dismissal dismissing Burlington from Civil Action No. 5:03CV264 (E.D. Tex.) with prejudice, this Agreement shall be null and void and the United States will return the Settlement Amount and Interest described in paragraph 1 to Burlington.

18. This Agreement is governed by the laws of the United States. The Settlement Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Settlement Parties under this Agreement will be the United States District Court for the Eastern District of Texas.

19. Nothing in this or any other agreement shall be construed so as to deprive a federal official of the authority to revise, amend, or promulgate regulations. Nor shall anything in this Agreement be construed to commit a federal official to expend funds not appropriated by Congress.

20. Each of the signatories executing this Agreement represents that he or she has full authority to sign on behalf of the designated Settlement Party and to bind that Settlement Party to each and every term, condition and covenant of this Agreement.

21. This writing constitutes the entire agreement of the Settlement Parties with respect to the subject matter of this Agreement. This Agreement may not be modified, amended or terminated except by a written agreement signed by the Settlement Parties specifically referring to this Agreement.

22. All Settlement Parties consent to the Settlement Parties' disclosure of this Agreement, and information about this Agreement, to the public.

23. This Agreement may be executed in one or more counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument.

24. This Agreement shall be effective on the date of signature of the last signatory to the Agreement (the "Effective Date" of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

IN WITNESS WHEREOF, the Settlement Parties, through their duly authorized representatives, set their hands.

ON BEHALF OF THE UNITED STATES OF AMERICA

By: _____
MICHAEL D. GRANSTON
WILLIAM C. EDGAR
SARA MCLEAN
GREGORY PEARSON
SUSAN LYNCH
Commercial Litigation Branch
Civil Division
U.S. Department of Justice

Date: 8/15/2007

By: _____
MICHAEL LOCKHART
Assistant United States Attorney
Eastern District of Texas

Date: 8-13-07

ON BEHALF OF THE DEPARTMENT OF THE INTERIOR

United States Department of the Interior
Minerals Management Service

By: Walter D. Cruickshank
Walter Cruickshank
Acting Director
Minerals Management Service

Date: 7/2/03

Indian Affairs

By: [illegible]

Title: Assistant Secretary - Indian Affairs

Date: JUL 1 2 2007

ON BEHALF OF SPECIFIC INDIAN TRIBES

Jicarilla Apache Tribe

By: _____

Title: President

Date: 06/28/07

Ute Mountain Ute Tribe

By: _____

Title: _____

Date: _____

Southern Ute Tribe

By: _____

Title: _____

Date: _____

ON BEHALF OF SPECIFIC INDIAN TRIBES

Jicarilla-Apache Tribe

By: _____

Title: _____

Date: _____

Ute Mountain Ute Tribe

By: Manuel Heart

Title: Chairman

Date: August 9, 2007

Southern Ute Tribe

By: _____

Title: _____

Date: _____

ON BEHALF OF SPECIFIC INDIAN TRIBES

Jicarilla-Apache Tribe

By: _____

Title: _____

Date: _____

Ute Mountain Ute Tribe

By: _____

Title: _____

Date: _____

Southern Ute Tribe

By: Clement Jo Frost

Title: Tribal Chairman

Date: 07-20-07

ON BEHALF OF BURLINGTON

By: Randy L. Limbacher

RANDY L. LIMBACHER
President of BROG GP Inc., as general partner of Burlington Resources Oil & Gas Company LP; as Vice President of Burlington Resources Inc.; and as Vice President of Burlington Resources Trading Inc.

Date: 6/28/07

EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION

UNITED STATES OF AMERICA *ex rel.* **HARROLD E. (GENE) WRIGHT,**	§	
Plaintiffs,	§	**Civil Action No. 5:03CV264**
v.	§	**JUDGE DAVID J. FOLSOM**
AGIP PETROLEUM, *et al.*,	§	
Defendants.	§	

STIPULATION OF DISMISSAL WITH PREJUDICE

Pursuant to Fed. R. Civ. P. 41, the United States and the defendants Burlington Resources Inc., Burlington Resources Oil & Gas Company LP, Burlington Resources Trading Inc., and Burlington Resources Gathering Inc. (hereinafter jointly "Burlington"), through their undersigned counsel, hereby stipulate to the dismissal with prejudice of the above-captioned action, as it relates to Burlington, based on the terms of the Settlement Agreement.

Burlington and the United States have reached an agreement to settle this litigation. All of the Relator's claims against Burlington were previously dismissed with prejudice. The United States and Burlington agree that each will bear its own costs, expenses and attorneys' fees.

The United States and Burlington agree that the Court will retain jurisdiction over the parties to enforce the terms of the settlement agreement.

The United States and Burlington hereby request that the Court enter the attached Order.

Respectfully submitted,

FOR THE UNITED STATES

By:_____
Michael D. Granston
William C. Edgar

WOD:28972.1

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FOR THE BURLINGTON DEFENDANTS

By:_____

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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION

UNITED STATES OF AMERICA ***ex rel.*** **HARROLD E. (GENE) WRIGHT,**	§	
Plaintiffs,	§	**Civil Action No. 5:03CV264**
v.	§	**JUDGE DAVID J. FOLSOM**
AGIP PETROLEUM, ***et al.,***	§	
Defendants.	§	

ORDER OF DISMISSAL WITH PREJUDICE

Burlington Resources Inc., Burlington Resources Oil & Gas Company LP, Burlington Resources Gathering Inc., and Burlington Resources Trading Inc. (hereinafter jointly "Burlington"), and the United States have reached an agreement to settle this litigation. All of the Relator's claims against Burlington were previously dismissed with prejudice. The United States and Burlington agree that each will bear its own costs, expenses and attorneys' fees. Accordingly, in light of the Settlement Agreement, the Court hereby orders:

1. This case is dismissed with prejudice as it relates to Burlington, based on the terms of the Settlement Agreement, with the United States and Burlington each to bear its own costs, expenses and attorneys' fees;

2. The Court retains jurisdiction over this matter to enforce the terms of the settlement agreements.

IT IS SO ORDERED this _____ day of _____, 2006.

_____
United States District Judge

WOD:28973.1