

Kann, Gregory

*MRM FOIA 2008-024
MMS FOIA 2008-00115*

From: Donna Orraj [donnao@eb-b.com]
Sent: Wednesday, April 09, 2008 2:33 PM
To: Kann, Gregory
Subject: letter request for settlement agreement
Attachments: hppscan85.pdf

*Received
APR 09 2008
[Signature]*

Good afternoon,

Per our telephone conversation this afternoon, attached please find a letter request for a copy of a settlement agreement, which was referenced in a news release issued by MMS on August 15, 2007 (a copy of which is also attached per your instruction).

If you need anything further, please do not hesitate to phone.

Thank you,

Donna Orraj

EAVES & MENDENHALL, P.A.

6565 Americas Parkway, N.E., Suite 950
Albuquerque, New Mexico 87110

Post Office Box 35670
Albuquerque, New Mexico 87176

505.888-4300 Fax 505.883.4406

John M. Eaves
jeaves@eb-b.com

Karen S. Mendenhall
kmendenhall@eb-b.com

April 9, 2008
CO63-002

Gregory Kann, Officer
Freedom of Information Act

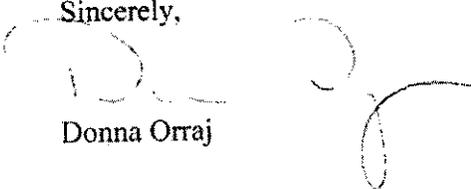
Re: Request for Settlement Agreement

Dear Mr. Kann:

This letter serves as a formal request for a copy of a settlement agreement which was reached between MMS and Burlington Resources back in August of 2007. Per our telephone conversation, attached to this request is a copy of a news release from MMS announcing the settlement.

Our firm agrees to pay any costs associated with procuring, copying and forwarding the agreement. You may email it to me at donnao@eb-b.com. If you have any questions, please do not hesitate to phone us at (505) 888-4300.

Sincerely,


Donna Orraj

DRO
Enclosure

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NEWS RELEASE

U.S. Department of the Interior
Minerals Management Service
Office of Public Affairs

NEWS MEDIA CONTACT
Patrick Etchart, 303/231-3162

FOR IMMEDIATE RELEASE
August 15, 2007

MMS Announces \$97.5 Million Settlement With Burlington Resources

Agreement Interest Costs Increase Payment to \$105 Million

DENVER – A settlement agreement resolving several natural gas royalty issues on Federal and American Indian lands provides for Burlington Resources Oil & Gas Company to pay \$97,550,362 to the Federal Government, the Department of the Interior's Minerals Management Service (MMS) announced today. The settlement agreement also provides for the government to receive interest on the settlement amount for the period Sept. 1, 2006, until the final payment is made, putting the total settlement amount at slightly more than \$105 million.

The \$97.5 million settlement resolves several long-standing issues related to natural gas produced from coal seams and conventional reservoirs, primarily in the state of New Mexico, and non-allowable deductions that the company had claimed when making royalty payments.

"This settlement should serve as a strong reminder that MMS will aggressively pursue all royalties due to the government from production that occurs on Federal and American Indian lands," MMS Director Randall Luthi said. Luthi praised the efforts of the state of New Mexico auditors who initially helped identify the non-allowable deductions; the Minerals Revenue Management Program of MMS; and the Department of Justice, which represented MMS in a District Court complaint filed against Burlington under the False Claims Act and led the settlement negotiations.

The agreement covers natural gas production that occurred from March 1, 1988, through March 31, 2005, for the improper valuation of the gas from coal seams, and from March 1, 1988, through Dec. 31, 1997, for under-reported value of conventional gas and natural gas liquids.

In addition to resolving the False Claims Act complaint, the settlement also resolves several "orders to pay" that MMS had previously issued to Burlington beginning in the 1990s. Those orders addressed non-allowable or excessive deductions for processing and transportation, including the cost of removing carbon dioxide (CO₂) from the gas. MMS has maintained, and recent court rulings have affirmed, that those costs must be paid by the company and cannot be deducted from royalty payments.

Approximately \$94.5 million of the settlement will be allocated to Federal leases in New Mexico, which will be split between the Federal Government and the state of New Mexico. In addition, MMS will disburse portions of the settlement to a Federal lease in Colorado and Federal leases in Oklahoma, to the Jicarilla Apache Nation, to the Ute Mountain Ute Tribe, to Indian mineral owners in the Concho and Anadarko areas in Oklahoma, and to individual Navajo mineral owners in New Mexico.

-- MMS --

R-07-3628