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July 16, 2007

Mr. Charlie T. Perrin
District III Supervisor
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

RCVD JUL 16 2007
OIL CONSERV. DIV.
DIST. 3

HAND-DELIVERED

Reference: Notice of Violation (3-07-16) of OCD Rule 50C(2)(b)(i)
Dated: June 15, 2007
Hare #14-M
Unit Letter D, Section 10, Township 29 North, Range 10 West
API # 30-045-33566

Dear Mr. Perrin:

We are in receipt of the above referenced Notice of Violation ("NOV") directed to our affiliate, Burlington Resources Oil & Gas Company LP, which claims that the pit liner was torn and collapsed into the pit below the fluid level on the Hare #14-M well. As discussed below, our review of this matter does not support the NMOCD's claim. We therefore respectfully request the NMOCD to reconsider justification for this NOV.

Specifically, on six different occasions between January 18, 2007 and April 26, 2007¹, the pit for the Hare #14-M was inspected by various representatives of ConocoPhillips Company ("COPC") or its contractors and no liner deficiencies were identified during any of those inspections.

On May 19, 2007, a contractor for COPC inspected the Hare #14-M pit and identified a tear in the liner near the divider berm section of the reserve pit. Bennett Construction was immediately contacted to repair the torn liner. The liner was repaired that same day by Bennett, and the repair was confirmed by a COPC Wellsite Safety representative.

According to the NOV, on May 21, 2007, NMOCD Inspector Kelly Roberts performed a routine inspection at the Hare #14-M and found that the pit liner was torn and collapsed into the pit below the fluid level. This inspection directly conflicts with our information concerning the condition of the pit and liner, which, as noted above, was performed only *two* days prior to the inspection by Inspector Roberts. Further, we have no record of being contacted by NMOCD about a pit liner issue at the Hare #14-M prior to receiving the NOV on June 18, 2007, which is very unusual since NMOCD and COPC have long-standing work relationship that typically includes an unofficial notice (usually in the form of a courtesy telephone call) from NMOCD about such conditions whenever they are discovered. We acknowledge that NMOCD is not obligated to provide us with such unofficial notice. However, as you know, it is our practice to promptly respond to those unofficial notices, along with using the opportunity to investigate

¹ The inspection dates by COPC personnel or contractors were January 18, February 6, February 13, February 28, March 14, March 27 and April 26, 2007.

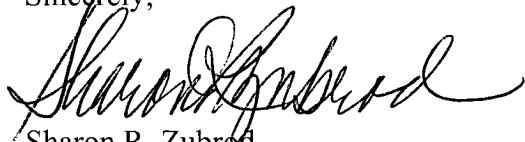
potential causes, take pictures for our records, and evaluate future mitigation efforts that could be implemented that would prevent similar circumstances from developing in the future.

On June 7, 2007 the reserve pit for the Hare #14-M was closed. At that time, COPC's construction representative and its contractor, JD Ritter Construction, who completed the pit closure and site interim reclamation, reported the liner was in *good* condition. That report is consistent with our last internal report dated May 19, 2007 (less than three weeks old) on the condition of the liner. In other words, we have no record of any liner deficiencies affecting the Hare #14-M between May 19, 2007, when the liner was repaired, and June 7, 2007, when the liner was reported to be in good condition immediately prior to the pit being closed.

In sum, our review of this situation simply does not support NMOCD's issuance of an NOV. Not only does our information directly contradict the NOV's claim that the pit liner for the Hare #14-M was torn and collapsed into the pit below the field level, but the opportunity for us to promptly and fairly evaluate the situation immediately after NMOCD's claimed discovery of the deficient liner no longer exists. If NMOCD has definitive information, such as digital photographs that supports the claim in the NOV then we request that information be made available to us immediately for review. Otherwise, we respectfully request NMOCD to reconsider whether the NOV is appropriate.

We are prepared to discuss this situation further, if necessary, at the administrative conference with NMOCD scheduled for July 18, 2007, but we hope to hear back from you before that date.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sharon R. Zubrod', written in a cursive style.

Sharon R. Zubrod
Regulatory Compliance Manager
ConocoPhillips Company

Cc: BLM – Steve Henke
COPC – John Zent, Jim Vaiana