



San Juan Business Unit
ConocoPhillips Company
P.O. Box 4289
Farmington, NM 87499-4289

April 20, 2007

Mr. Patrick H. Lyons
Commissioner of Public Lands
New Mexico State Land Office
Oil and Gas Minerals Division
P O Box 1148
Santa Fe, New Mexico 87504-1148

RE: CO2 Injection Project
State of New Mexico Oil and Gas Lease
Number E 1196-8
Covering the NW/4 Section 32, T31N-R8W
San Juan County, New Mexico

Dear Mr. Lyons:

This letter will serve to confirm our conference call conversation held April 4, 2007, in connection with the above-referenced CO2 injection pilot well project, and provide information about this project.

Burlington Resources Oil & Gas Company LP ("Burlington"), an affiliate of ConocoPhillips Company, has entered into an Agreement with the New Mexico Institute of Mining and Technology to drill and operate a CO2 injection well on State of New Mexico Lease number E 1196-8 in the NW/4 of Section 32, T31N-R8W. The goals of the project are twofold. First, the project will assist in determining the potential CO2 storage (sequestration) capacity of the high permeability coals in the heart of the San Juan Basin coal bed methane fairway. We believe this sequestration objective will address the Governor's Executive Orders E0 2005-033 ("Climate Change and Greenhouse Gas Reduction") and E0 2006-69 ("New Mexico Climate Change Action"). Secondly, the injection of CO2 will be monitored in the surrounding wells to determine if sequestration of the CO2 into the coal formation could positively impact existing production and/or ultimate recovery.

Burlington plans on filing an injection application before the NMOCD in June of this year and should receive an injection permit in the third quarter. The State Land Office will receive notice of this application and the hearing date.

Our PTRRC group will look forward to working with you in obtaining any necessary ROW's for access roads and pipeline for the CO2 that will be injected.

If you have any questions, please contact the undersigned @505-326-9757 or Joni Clark @505-326-9701.

Very truly yours,

Alan Alexander
Land Advisor

C: John Bemis, Assistant Commissioner



Brian C. Dart
Associate Landman
San Juan Business Unit
ConocoPhillips Company
PO Box 4289
Farmington, NM 87499-4289
phone 505.326.9835

June 7, 2007

Mr. Michael J. Beirne
BP America Production Company
501 Westlake Park Boulevard
Houston, Texas 77079-2604

RE: CO2 Injection Project
State of New Mexico Oil and Gas Lease
Number E 1196-8
Covering the NW/4 Section 32, T31N-R8W
San Juan County, New Mexico

Dear Mr. Beirne:

At this time, BP America Production Company ("BP") should have received notice of an application to be filed for the subject proposal. Burlington Resources Oil & Gas Company LP ("Burlington") has filed an injection application before the NMOCD for the June 7th docket of this year. However, the proceeding has been continued until June 21st, 2007 and should receive an injection permit in the third quarter. The NMOCD hearing case number for this proposal is 13933.

As you are aware, Burlington has entered into an Agreement with the New Mexico Institute of Mining and Technology to drill and operate a CO2 injection well on State of New Mexico Lease number E 1196-8 in the NW/4 of Section 32, T31N-R8W. The goals of the project are twofold. First, the project will assist in determining the potential CO2 storage (sequestration) capacity of the high permeability coals in the heart of the San Juan Basin coal bed methane fairway. We believe this sequestration objective will address the Governor's Executive Orders E0 2005-033 ("Climate Change and Greenhouse Gas Reduction") and E0 2006-69 ("New Mexico Climate Change Action"). Secondly, the injection of CO2 will be monitored in the surrounding wells to determine if sequestration of the CO2 into the coal formation could positively impact existing production and/or ultimate recovery.

If you have any questions or concerns, please contact the undersigned @505-326-9835.

Very truly yours,

Brian C. Dart
Associate Landman