



AUDIT COMMITTEE CHARTER

As of January 26, 2005

Burlington Resources Inc. Audit Committee Charter

Organization

The Board of Directors shall designate annually an Audit Committee comprised of three or more Directors, who may be removed by the Board of Directors in its discretion. The members of the Audit Committee shall be “independent” as determined in accordance with the laws, rules and regulations of the New York Stock Exchange and Securities and Exchange Commission, financially literate as such qualification is interpreted by the Board of Directors in its business judgment (or must become financially literate within a reasonable period of time after his or her appointment to the Audit Committee), and shall otherwise comply with and satisfy the requirements of the New York Stock Exchange, the securities laws and all other applicable laws, rules and regulations. At least one member shall have accounting or related financial management expertise, as the Board of Directors interprets such qualification in its business judgment.

A Chairman of the Audit Committee shall be elected annually by the Board of Directors.

Purpose

The primary purpose of the Audit Committee is to assist the Board of Directors’ oversight of (1) the integrity of the Company’s financial statements, (2) the Company’s compliance with legal and regulatory requirements, (3) the independent auditor’s qualifications and independence, and (4) the performance of the Company’s internal audit function and independent auditors.

The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company’s annual proxy statement.

While the Audit Committee recognizes the importance of its role, it is not the responsibility of the Audit Committee to plan or conduct audits, to determine that the Company’s financial statements are in all material respects complete and accurate and in accordance with generally accepted accounting principles (“GAAP”), or to certify the Company’s financial statements. These are the responsibilities of management and the independent auditor. It is also not the responsibility of the Audit Committee to guarantee the independent auditor’s report. The Audit Committee shall assist the Board of Directors in overseeing management and the independent auditors in fulfilling their responsibilities in the financial reporting process of the Company.

Meetings

The Audit Committee shall meet at least four times each year, or more frequently as it deems necessary or appropriate to carry out its responsibilities and may, in its sole discretion, form and delegate authority to subcommittees (comprised only of Audit Committee members) in furtherance of such responsibilities. Meetings of the Audit Committee shall be called by the Chairman of the Audit Committee, the Chairman of the Board or the President of the Company. All such meetings shall be held pursuant to the By-Laws of the Company with regard to notice and waiver thereof, and written minutes of each such meeting shall be duly filed in the Com-

pany's records. In order to foster open communications, the Committee shall meet periodically with executive management, the head of the Company's internal audit department and the independent auditor in separate private sessions to discuss any matters that the Audit Committee or any such persons believe appropriate.

Relationship With Independent Auditors

The Audit Committee shall be directly responsible for the appointment, compensation (including as to fees and terms), retention and oversight of the work of the Company's independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Company's independent auditor shall report directly to the Audit Committee. All auditing services and permitted non-audit services performed for the Company by the independent auditor shall be preapproved by the Audit Committee subject to applicable laws, rules and regulations. The Audit Committee may form and delegate to a subcommittee the authority to grant preapprovals with respect to auditing services and permitted non-auditing services, provided that any such grant of preapproval shall be reported to the full Audit Committee at its next meeting.

Powers and Responsibilities

A. Oversight of the Company's Financial Statements and Disclosure Practices

The Audit Committee shall:

- (1) Meet to review and discuss with management and the independent auditor the Company's annual audited financial statements, including the Company's specific disclosures made under "Management's Discussion and Analysis of Financial Conditions and Results of Operations," and recommend to the Board of Directors whether such audited financial statements should be included in the Company's annual report on Form 10-K.
- (2) Meet to review and discuss with management and the independent auditor the Company's quarterly financial statements, including the Company's specific disclosures made under "Management's Discussion and Analysis of Financial Conditions and Results of Operations."
- (3) Review the Company's disclosure controls and procedures and internal control over financial reporting and the certifications required to be made by any officer of the Company in each of the Company's quarterly reports on Form 10-Q and the Company's annual report on Form 10-K (the "Periodic Reports").
- (4) Review all reports from the independent auditor pursuant to applicable laws, rules and regulations concerning:
 - (a) all critical accounting policies and practices to be used;

- (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- (5) Discuss with the independent auditor certain matters related to the conduct of the audit pursuant to Statement of Auditing Standards No. 61, including any:
 - (a) Problems or difficulties encountered by the independent auditor in the course of the audit work;
 - (b) Restrictions on the scope of the independent auditor's activities or access to information;
 - (c) Significant disagreements with management;
 - (d) Communications between the independent auditing team and such team's national office with respect to auditing or accounting issues presented by the engagement;
 - (e) Accounting adjustments noted or proposed by the independent auditor, but not adopted by the Company; and
 - (f) Management or internal control letter issued or proposed to be issued by the independent auditor and management's response to that letter.
- (6) Discuss the Company's guidelines and policies which govern the process of the Company's risk assessment and risk management as well as discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- (7) Review and discuss with management and the independent auditor, as it deems necessary or appropriate:
 - (a) Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
 - (b) Analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of

the effects of alternative GAAP methods on the Company's financial statements;

- (c) The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements; and
- (d) The type and presentation of information to be included in earnings press releases (paying particular attention to any use of "pro forma," or "adjusted" non-GAAP, information), as well as review any financial information and earnings guidance provided to analysts and rating agencies. However, the Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.

B. Oversight of the Company's Independent Auditor

The Audit Committee shall:

- (1) Obtain and review a report from the independent auditor on at least an annual basis describing:
 - (a) The internal quality-control procedures of such independent auditor;
 - (b) Any material issues raised by the independent auditor's most recent internal quality-control review or peer review and any steps taken to deal with such issues;
 - (c) Any material issues raised by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits carried out by the independent auditor and any steps taken to deal with such issues; and
 - (d) To assess the auditor's independence, all relationships between the independent auditor and the Company and its subsidiaries.
- (2) Evaluate the qualifications, performance and independence of the independent auditor, taking into account the foregoing report, the independent auditor's work throughout the year and the opinions of management and the Company's internal auditors, and report such conclusions to the Board of Directors.
- (3) Evaluate the lead (or coordinating) audit partner having primary responsibility for the audit, taking into account the opinions of management and the Company's internal auditors.
- (4) Ensure the required rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the independent audit, and consider whether it is appropriate or necessary, in or-

der to assure continuing independence, to rotate the Company's independent auditor on a regular basis.

- (5) Set Company hiring policies with respect to the employment of current and former employees of the independent auditor.
- (6) Review and discuss with management and the independent auditor the proposed plan and overall scope of the Company's annual audit.

C. Oversight of the Company's Internal Audit Function

The Audit Committee shall:

- (1) Review the activities of the internal audit department, including the proposed annual audit plan, periodic progress reports on the status of the plan and all concluded internal audits, including summaries of any significant issues raised during the performance of the internal audits.
- (2) Discuss with management and the independent auditor the responsibilities, budget and staffing of the internal audit department and any recommended changes in the planning and scope of the Company's annual internal audit plan.
- (3) Approve in advance the retention and the dismissal of the head of the internal audit department.

D. Oversight of the Company's Compliance with Legal and Regulatory Requirements

The Audit Committee shall:

- (1) Obtain assurance from the independent auditor that the Company is in compliance with the provisions of Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act").
- (2) Review with management and the independent auditors the Company's Code of Business Conduct and Ethics (the "Code of Conduct"), which prohibits unethical or illegal activities by the Company's directors, officers and employees, as well as review the actions taken to monitor compliance with the Code of Conduct.
- (3) Approve any proposed waivers for directors or executive officers and review any material waivers for non-executive officers or employees granted by the Company's Senior Vice President, Law and Administration or the Vice President and General Counsel pursuant to the Company's Code of Conduct. For purposes of this Charter, the term "executive officer" shall have the same meaning specified for the term "officer" in Rule 16a-1(f) under the Exchange Act.

- (4) Review with management, the independent auditor and the Company's counsel any legal, regulatory and environmental compliance matters that may have a material impact on the Company's financial statements or accounting policies.
- (5) Establish procedures for the (a) receipt, retention and treatment of complaints received by the Company regarding the Company's accounting, internal accounting controls or auditing matters, and (b) confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
- (6) Review and assess compliance with all applicable laws, rules and regulations, including those of the Securities and Exchange Commission and the New York Stock Exchange, specifically applicable to the composition and responsibilities of the Audit Committee.

Additional Powers and Responsibilities

The Audit Committee shall have the authority to engage and obtain advice and assistance from advisors, including independent or outside legal counsel and accountants, as it determines is necessary or appropriate to carry out its duties and responsibilities. All related fees and costs of such advisors shall be paid promptly by the Company in accordance with its normal business practices.

The Audit Committee shall, on an annual basis, review and reassess the adequacy of this Charter and conduct an evaluation of the Audit Committee's own performance during such past year.

The Audit Committee shall report its activities to the full Board on a regular basis, including without limitation, any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function, and shall perform such other activities or make such recommendations with respect to the above and other matters as the Audit Committee or the Board of Directors may from time to time deem necessary or appropriate.