

BP America Production Company

San Juan Performance Unit
501 Westlake Park Boulevard
Houston, Texas 77079
Room 19.170

Matt Hood

Phone: 281.366.1368
Fax: 281.366.7099

December 29, 2005

ConocoPhillips Company
600 N. Dairy Ashford-WL3
Suite 4000
Houston, TX 77079
(281) 293-1000

Burlington Resources Oil & Gas Company LP
3401 East 30th St.
Farmington, NM 87402
(505) 326-9700

Marcia Berger
c/o Petroleum Asset Mgmt LLC
P.O. Box 745
Hobbs, NM 88241
(505) 392-8252

Roger B. Nielsen
1200 Danbury Dr.
Mansfield, TX 76063-3809
(817) 473-3760

WWR Enterprises, Inc.
c/o Petroleum Asset Mgmt LLC
P.O. Box 745
Hobbs, NM 88241
(505) 392-8252

Carolyn Nielsen Sedberry
Little Oil & Gas Inc. as Agent
P.O. Box 1258
Farmington, NM 87499
(505)

Herbert R. Briggs
6729 Academy Rd., Suite D
Albuquerque, NM 87109
(505) 271-1361

William C. Briggs
6729 Academy Rd., Suite D
Albuquerque, NM 87109
(505) 255-5666

Evko Development Company
c/o Leslie Weiner
1 Gate 6 Rd. # E
Sausalito, CA 94965
(415) 332-2919

CERTIFIED MAIL

Energen Resources Corporation
2198 Bloomfield Hwy
Farmington, NM 87041-8108
(505) 326-6162

Robert Umbach Cancer Foundation
Bank of Oklahoma as Agent
P.O. Box 3499
Tulsa, OK 74101
(918) 588-6229

Cyrene Inman
Bank of America, NA Agent
Trust Oil & Gas
P.O. Box 26900
Albuquerque, NM 87125-6900
(505) 282-2148

CEEFAM LLC
3117 Hyder, SE
Albuquerque, NM 87104

Pennies From Heaven LLC
901 Rio Grande Blvd. NW
Albuquerque, NM 87106

Production Gathering Company LP
8080 N. Central Expy, Suite 1090
Dallas, TX 75206
(972) 680-9737

George W. Umbach
Bank of Oklahoma as Agent
P.O. Box 3499
Tulsa, OK 74101
(918) 588-6229

Accord Du Lac Partnership
Attn: Frank A. Potenziani
P.O. Box 676281
Rancho Santa Fe, CA 92067-6281
(858) 756-7707

Westport Oil and Gas Company, Inc.
c/o Kerr-McGee Corporation
1670 Broadway, Suite 2800
Denver, CO 80202-4800
(303) 573-5404

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Case No. 13653 Exhibit No. 4
Submitted by:
BP PRODUCTION COMPANY
Hearing Date: March 16, 2006

RE: EPNG Gas Com B LS 3M Well
Communitization Agreement
and New Operating Agreement
W/2 Sec 32, T31N, R10W
San Juan County, New Mexico

See Attached Addresses:

Gentleman:

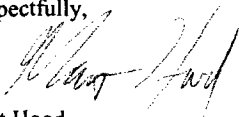
As operator, BP America Production Company ("BP") hereby proposes the referenced well as a Mesaverde/Dakota test and commingle. Currently there is no Dakota production in this spacing unit. The gross dry hole costs are estimated to be \$534,000 and total completed costs are estimated to be \$1,087,650.

The Mesaverde formation is currently governed by that certain operating agreement June 1, 1953, and an Operating Agreement dated April 26, 1978, only partially executed by the working interest parties. Since neither operating agreement adequately addresses drilling the proposed well, the enclosed operating agreement is proposed as a replacement. This operating agreement is the same as the other operating agreements we have been using in the basin, except the single expenditure limit has been raised to \$50,000. Also, the property leases have been reflected on the Exhibit "A" due to the number of working interest parties in this property. The overhead rates have decreased for drilling from \$7,468.00 to \$5,000.00 and producing rates have decreased from \$746.00 to \$599.00 to reflect more accurate.

A copy of a recent title opinion is enclosed. A Dakota Communitization Agreement will soon follow.

Please execute the operating agreement signature pages and the AFE and return one original along with your well requirements to me at the letterhead address. A complete copy of operating agreement signatures will be circulated. Our drilling department intends to drill this well in April. To facilitate this time frame a force pooling application will be filed at the end of January 2006 for hearing at the end of February covering those who will not execute the operating agreement. Should you have engineering questions, please contact John Papageorge at 281-366-5721. For land issues, please contact me at the number noted above.

Respectfully,



Matt Hood

Enclosures



SAP NO: X3-00C6C

BP AMERICA PRODUCTION CO.
AUTHORIZATION FOR EXPENDITURE

DATE PREPARED: 11/8/2005
OPERATOR: BP America
LEASE/UNIT/FACILITY: EPNG Com B LS
LEASE FLAC IDENTIFIER:
WELL NAME/NUMBER: 3M
OPERATION CENTER: Farmington
BP WORKING INTEREST:
JOA NUMBER:

FINANCIAL MEMO NO: SJS-05-003-025
AFE NO:
SURFACE LOCATION: Sec32, T31N-R10W
BOTTOM HOLE LOC: Sec32, T31N-R10W
PROPOSED TOTAL DEP: 7432'
COUNTY/STATE: San Juan, New Mexico
OPERATING FIELD: Blanco Mesaverde/
Basin Dakota
HORIZON: Mesaverde/Dakota
(formation/prospect)
ANTICIPATED START: 1Q'06

PROJECT TYPE: Select one

Development Drilling and Completions - (reserve adding)

WELL TYPE: Select One

GAS WELL (Development)

COMPLETION TYPE: Select one

DOWNHOLE COMMINGLE

PROJECT DESCRIPTION/COMMENTS TO PARTNERS:

Subject to variation based on reasonable Operator discretion, the drilling and completion plan for the EPNG Com B LS 3M is as follows: The well will be drilled to a depth sufficient to test the Basin Dakota pool. It will be perforated and fracture stimulated in the Basin Dakota pool and tested for approximately 12 hours to establish stabilized production for the purpose of allocating production from the Basin Dakota pool and the Blanco Mesaverde pool. The Mesaverde Pool will then be perforated and fractured stimulated. The well will then be cleaned out through the Basin Dakota pool and placed on production as a commingled well. The commingled well will be produced for 30 days to establish a stabilized flow rate and to determine a proper allocation formula.

Well Location: NW/4 SW/4 of Sec. 32, T31N-R10W.

EXPENSE/CAPITAL/PXA T - Tangible I - Intangible	DESCRIPTION	ESTIMATED COST	
		GROSS PRODUCER	GROSS DRY HOLE
Capital - Intangible	Pre-Spud Costs	\$33,000	\$33,000
Capital - Intangible	Drilling Costs	\$433,000	\$433,000
Capital - Intangible	Logging Costs	\$5,500	\$5,500
Capital - Intangible	Completion Costs	\$345,000	\$0
Capital - Intangible	Remediation and Clean-up	\$6,500	\$6,500
	Total Intangibles		
Capital - Tangible	Wellhead and Tree	\$24,300	\$14,000
Capital - Tangible	Intermediate	\$42,000	\$42,000
Capital - Tangible	Production Liner/Casing	\$81,750	\$0
Capital - Tangible	Tubing	\$29,600	\$0
	Total Tangibles		
Capital - Tangible	AP & F	\$87,000	\$0
TOTAL PROJECT COST:		\$1,087,650.00	\$534,000.00

PROJECT CONTACTS: NAME TITLE PHONE NUMBER
John Papageorge Technical Contact 281-366-5721
Lynn Wolf Business Contact 281-366-7370
APPROVED BY: Bernie LeClerc DATE: 281-366-2810

APPROVAL: YES NO

NOTICE TO NONOPERATOR: Costs shown on this form are estimates only. Nonoperators

should not consider these estimates as establishing any limit on the monies which will

be required to perform the proposed operation. Overhead will be charged in accor COMPANY NAME / NONOPERATOR:

with the Joint Operating Agreement.

BY: (print name) DATE:

BY: (signature)

SPECIAL REQUESTS: (I.e. template preference, additional WBS elements, special recording by Tulsa, etc.)

CCenter: _____
JV #: _____
Lease flac: _____
Well Flac: _____

FOR PROJECT CLOSE PURPOSES

API #: _____
Date of State of Prod. Ready: _____
TD: _____
PBTD: _____
Useless Footage: _____

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Pennies From Heaven LLC
901 Rio Grande Blvd. NW
Albuquerque, NM 87106

2. Article Number

(Transfer from service label)

7003 0500 0004 9182 7170

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Marcia Berger
c/o Sunwest Bank of Albuquerque, N.A., Agent
P.O. Box 26900
Albuquerque, NM 87125

2. Article Number

(Transfer from service label)

7003 0500 0004 9182 7224

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

WWR Enterprises, Inc.
c/o Petroleum Asset Mgmt LLC
P.O. Box 745
Hobbs, NM 88241

2. Article Number

(Transfer from service label)

7003 0500 0004 9182 7088

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

WWR Enterprises, Inc.
c/o Sunwest Bank of Albuquerque, N.A., Agent
P.O. Box 26900
Albuquerque, NM 87125

2. Article Number

(Transfer from service label)

7003 0500 0004 9182 7231

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Marcia Berger
c/o Petroleum Asset Mgmt LLC
P.O. Box 745
Hobbs, NM 88241

2. Article Number

(Transfer from service label)

7003 0500 0004 9182 7064

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Energen Resources Corporation
2198 Bloomfield Hwy
Farmington, NM 87041-8108

2. Article Number

(Transfer from service label)

7003 0500 0004 9182 7132

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature:

X Michael Hatch

☒ Agent☐ Addressee

B. Received by (Printed Name)

MICHAEL HATCH

C. Date of Delivery

01-03-06

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

A. Signature:

X Harry R. Scott

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

A. Signature:

X Felicia Chavez

☐ Agent☐ Addressee

B. Received by (Printed Name)

Felicia Chavez

C. Date of Delivery

NW 1/3/05

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Cyrene L. Inman a/k/a Cyrene Inman
c/o Sunwest Bank of Albuquerque, N.A., Agent
P.O. Box 26900
Albuquerque, NM 87125

2. Article Number

(Transfer from service label)

7003 0500 0004 9182 7279

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Westport Oil and Gas Company, Inc.
c/o Kerr-McGee Corporation
1670 Broadway, Suite 2800
Denver, CO 80202-4800

2. Article Number

(Transfer from service label)

7003 0500 0004 9182 7217

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Cyrene Inman
Bank of America, NA Agent
Trust Oil & Gas
P.O. Box 26900
Albuquerque, NM 87125-6900

2. Article Number

(Transfer from service label)

7003 0500 0004 9182 7156

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Michael Hatch*☒ Agent☐ Addressee

B. Received by (Printed Name)

MICHAEL HATCH

C. Date of Delivery

01-03-06

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

A. Signature

X *Esther Oliver*☐ Agent☐ Addressee

B. Received by (Printed Name)

JAN 06 2006

C. Date of Delivery

JAN 06 2006

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

A. Signature

X *Michael Hatch*☒ Agent☐ Addressee

B. Received by (Printed Name)

MICHAEL HATCH

C. Date of Delivery

01-03-06

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No.: 13653 Exhibit No. ____

Submitted by:

BP AMERICA PRODUCTION COMPANY

Hearing Date: March 2, 2006

Correspondence Log

2/16: Marcia Berger

- Called directory assistance for Marcia Berger, no number listed
- Called directory assistance for Petroleum Asset Management LLC, no number listed
- Found number for Petroleum Asset Management LLC (918-582-1188) on the internet, however after speaking with them they had no records of Marcia Berger's interest.
- Found number for M. Berger (505-293-2295) through directory assistance, turned out to be wrong number.

2/16: WWR Enterprises, Inc.

- Looked up on the internet, search yielded no results
- Called directory assistance, no listing for WWR
- Called Petroleum Asset Management LLC (918-582-1188), they said they had no record of WWR's interest

2/16: Pennies From Heaven and Cyrene Inman

- Called directory assistance for Fred Luthy Jr., no number listed
- Called Bank of America Trust Oil & Gas and they said they managed Fred Luthy Jr.'s interest through Pennies From Heaven
- Bank of America Trust Oil & Gas also deals with Cyrene Inman's interest
- Called Terry Young (918-591-8012), who manages their interest. Left message on Terry's voicemail. No response

2/23: Cyrene Inman

- Found number through directory assistance (505-836-0228), no answer but left a message on the voicemail

Energen Resources Corporation, Westport Oil and Gas Company LP

- Both have signed the AFE and agreed to participate in the well, however there was a discrepancy with their working interests. Our records show them as one interest under Energen, due to a deal the two had previously agreed to that let Energen participate for both of their interests. Will update our records once they both agree on their respective interests.