



**BP AMERICA PRODUCTION CO.
AUTHORIZATION FOR EXPENDITURE**

SAP NO: _____ X3-00C6C

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 - 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:

<u>NAME</u>	<u>TITLE</u>	<u>PHONE NUMBER</u>
<u>John Papageorge</u>	<u>Technical Contact</u>	<u>281-366-5721</u>
<u>Lynn Wolf</u>	<u>Business Contact</u>	<u>281-366-7370</u>
APPROVED BY: <u>Bernie LeClerc</u>	DATE: _____	<u>281-366-2810</u>

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.)

BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Case No. 13653 Exhibit No. 5
 Submitted by:
BP PRODUCTION COMPANY
 Hearing Date: March 16, 2006

FOR PROJECT CLOSE PURPOSES

API #: _____
 Date of State of Prod. Ready: _____
 TD: _____
 PBTD: _____
 Useless Footage: _____ 0