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March 1, 2009

Bureau of Land Management
Farmington District Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401
Attn: Jim LovatoState of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505
Attn: Ms. Lori Wrotenbery, DirectorRe: 2008 Review of Operations
2009 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

Gentlemen:

BP America Production Company, as Unit Operator for the Gallegos Canyon Unit, submits for your approval the attached Review of 2008 Operations and 2009 Plan of Development.

Please signify your approval of this Plan of Development by signing in the space provided on the attached sheet and returning to me at the letterhead address. If you have any questions, please feel free to call me at (281) 366-4528.

Very truly yours,

A handwritten signature in cursive script that reads "Julie Burns Morton".
Julie Burns Morton

Enclosures

Review of 2007 Operations

Shown in Table I are the cumulative volumes of gas and condensate produced from each reservoir in the Gallegos Canyon Unit. Table II summarizes the well status in each horizon. Because Gallegos Canyon Unit has many down hole commingled wells producing from more than one formation, Table II reflects active completions rather than wellbores. Historical production graphs for each horizon are attached.

TABLE I
Cumulative Production as of 08/31/2007

FORMATION	GAS (MMCF)	CONDENSATE (MBLS)
Farmington Sands	521	0
Fruitland Sands	15,241	0
Fruitland Coal	53,124	0
Pictured Cliffs	207,791	5
Chacra	966	5
Gallup	9,109	1,986
Dakota	473,394	3,520

TABLE II
Production Status by Formation as of 08/31/2007

FORMATION	ACTIVE	INACTIVE
Farmington Sands	3	0
Fruitland Sands	34	1
Fruitland Coal	88	0
Pictured Cliffs	144	1
Chacra	6	0
Gallup	5	0
Dakota	185	2

2007 GCU Development

Table III below shows the status of each of the proposed activities from the 2007 GCU Plan of Development. As of 12/8/2007, zero new wells have been drilled and one well has been recompleted.

TABLE III-A
2007 Work Status

WELL NO.	DEDICATION	TYPE	OBJECTIVE	STATUS
GCU 338	NW/4 9-T27N-R12W	Recomplete/commingle	PC/FC/FS	Recompleted to FC 4/07g
GCU 355	SW/4 4- T27N-R12W	Recomplete/commingle	PC/FC/FS	Repaired in the PC 5/07g
GCU 159E	SW/4 31-T28N-R12W	Recomplete from DK	FC	Evaluating

TABLE III-B
2007 Plug and Abandon Candidates

WELL NO.	DEDICATION	CURRENT HORIZON	STATUS
GCU 083	NE/4 26-T28N-R12W	GP	P&A 10/11/07
GCU 584	NW/4 18-T28N-R12W	PC	P&A 3/19/07
GCU 196	SW/4-19-T28N-R12W	FC	P&A 4/26/07
GCU 311	SW/4 14-T28N-R12W	FC/PC	P&A 4/19/07
GCU 109	SW/4 18-T29N-R12W	PC	Returned to Production
GCU 175	SE/4 25-T28N-R13W	DK	P&A planned 2008
GCU 187	NW/4 30-T29N-R12W	DK	P&A 11/7/07
GCU 518	SW/4 25-T29N-R12W	PC	P&A 6/8/07
GCU 202 (*)	NE/4 33-T29N-R12W	PC/FC	P&A 7/13/07
GCU 267 (*)	NE/4 23-T28N-R12W	FS/PC	P&A 7/10/07

(*) Not originally a 2007 P&A Candidate

2008 Plan of Development

BP America will continue to develop the Fruitland Sand, Fruitland Coal, Pictured Cliffs and Chacra horizons within the Gallegos Canyon Unit through recompletions, commingling and selective drilling. However, as higher risk prospects have been carried out, the success rate has decreased dramatically. This is driving BP America to pause and assess the operating and reservoir characteristics that appear to be most controlling results. There are no planned drilling activities currently planned for 2008.

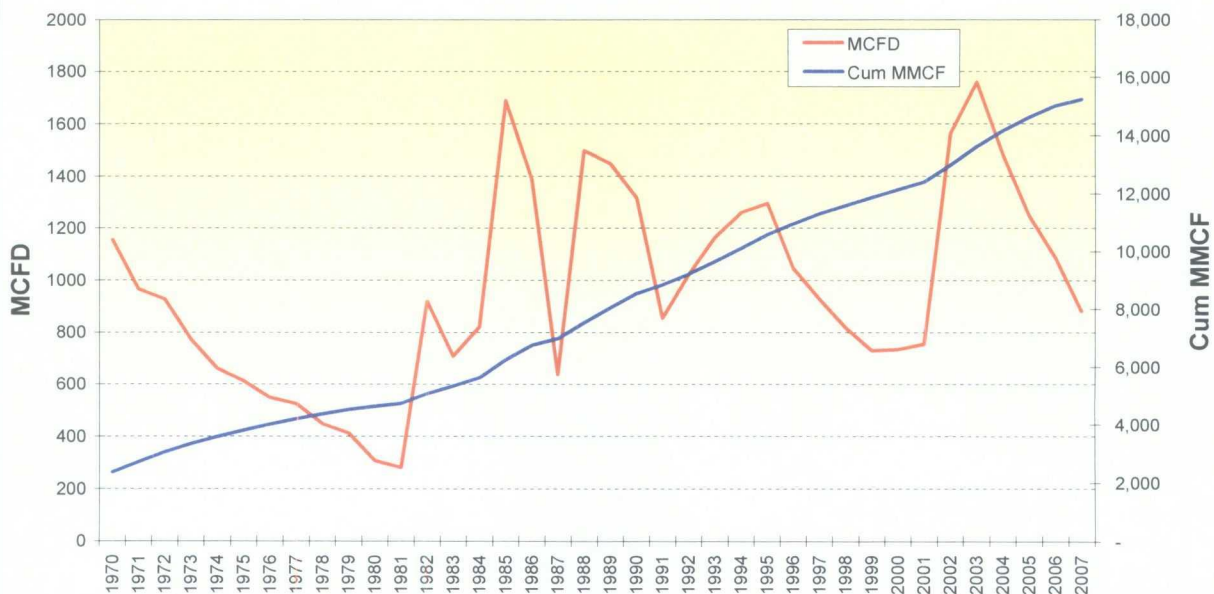
TABLE IV
2008 Development Projects

WELL NO.	DEDICATION	TYPE	OBJECTIVE	PERMIT STATUS
GCU 169	SW/4 35-T29N R12W	Recomplete/commingle	PC/FC/FS	Evaluating
GCU 338	NW/4 9-T27N-R12W	Recomplete/commingle	PC/FC	Evaluating
GCU 160E	SW/4 27-T29N-R12W	Recomplete from DK	PC	Evaluating
GCU Com G 179	SW/4 26-T29N-R12W	Recomplete from DK	PC	Evaluating

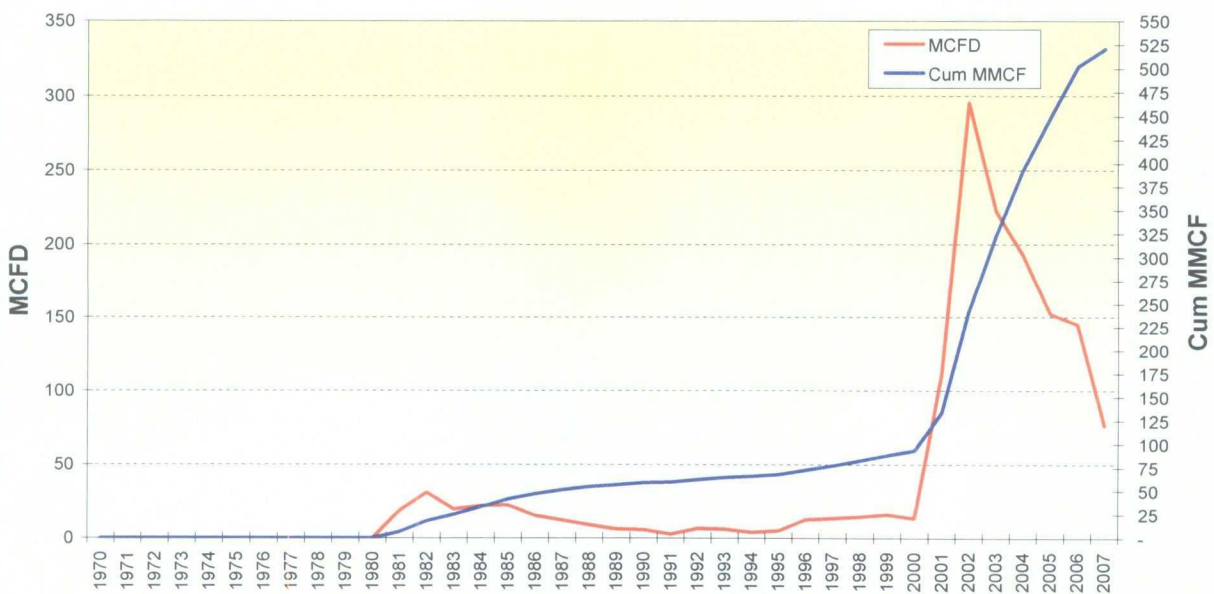
TABLE V
2008 Plug and Abandon Candidates

WELL NO.	DEDICATION	CURRENT HORIZON	OTHER PRODUCED OR TESTED HORIZONS
GCU 166	SW/4 34-T28N-R12W	DK	
GCU 175	SE/4 25-T28N-R13W	DK	
GCU 262	SW/4 24-T29N-R13W	DK	
GCU 209E	NW/4 15-T28N-R12W	DK	
GCU 182	SE/4 19-T28N-R11W	FT	DK
GCU 289	SW/4 8-T28N-R12W	PC	
Callow 8	SE/4 27-T29N-R13W	DK	
Callow 9	SE/4 28-T29N-R13W	DK	
GCU 322	NE/4 31-T29N R12W	PC	
GCU 561	SW/4 21-T29N R12W	PC	
GCU 230E	SE/4 23-T28N-R12W	Gallup	
GCU 400	NW/4 25-T28N-R12W	DK	
GCU 325	NW/4 35-T29N-R13W	PC	
GCU 167E	NE/4 18-T28N-R11W	DK	

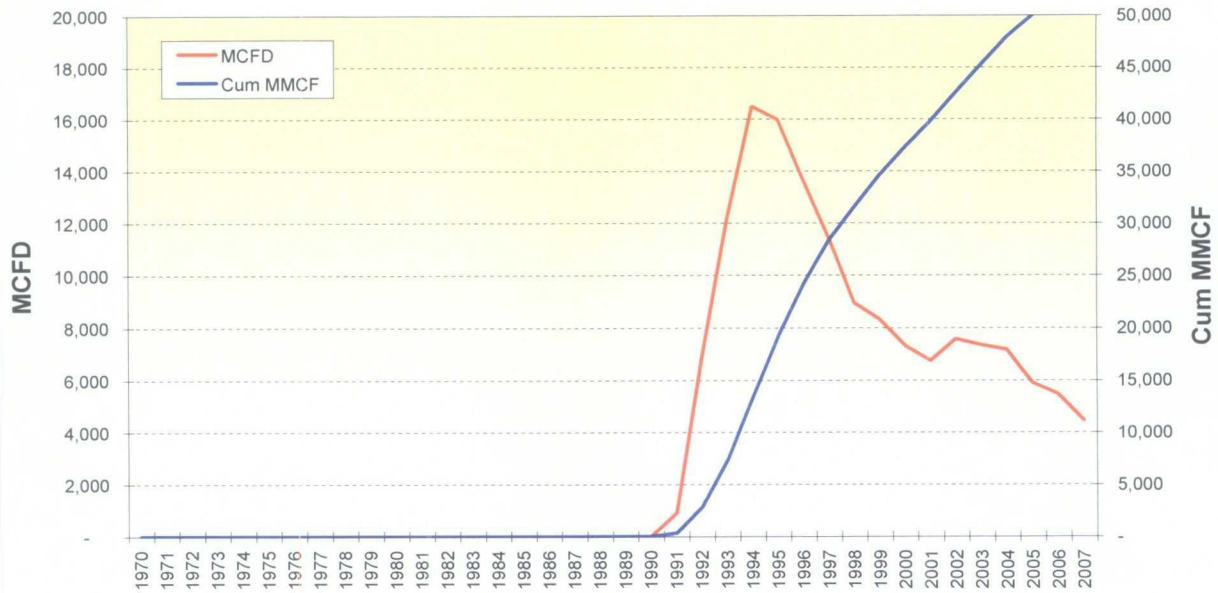
Historical Production Gallegos Canyon Unit Fruitland Sands Formation



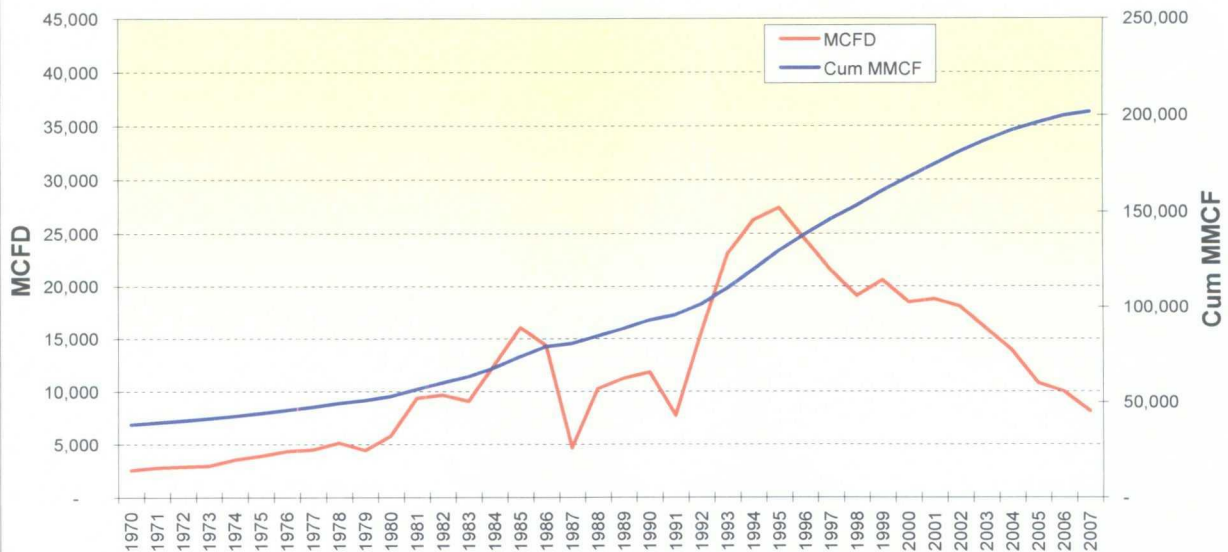
Historical Production Gallegos Canyon Unit Farmington Sands Formation



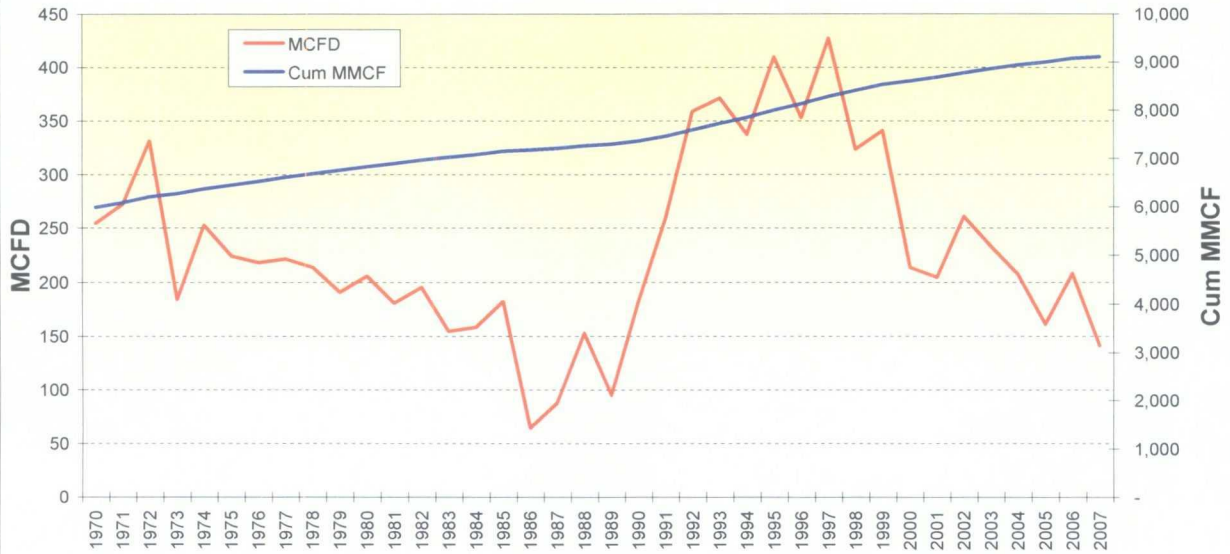
Historical Production Gallegos Canyon Unit Fruitland Coal Formation



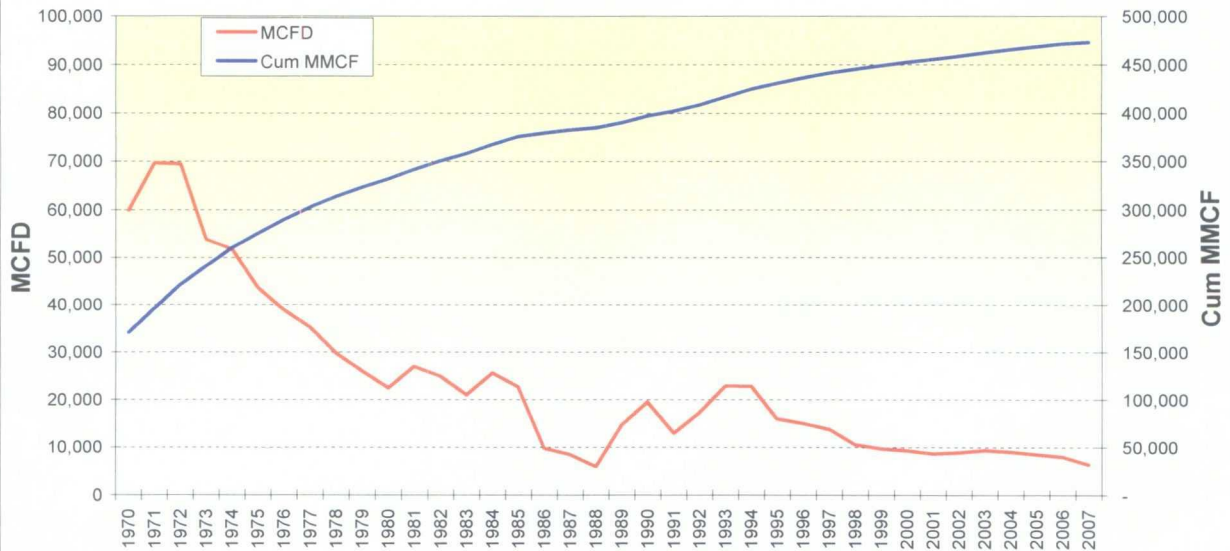
Historical Production Gallegos Canyon Unit Pictured Cliffs Formation



Historical Production Gallegos Canyon Unit Gallup Formation



Historical Production Gallegos Canyon Unit Dakota Formation



**Historical Production
Gallegos Canyon Unit
Chacra Formation**



	Fruitland Sand [Pulled 2006 & 07 12-20-07]			Farmington [Pulled 2006 & 07 12-20-07]			Fruitland Coal [Pulled 2006 & 07 12-20-07]		
	MCF	MCFD	Cum MMCF	MCF	MCFD	Cum MMCF	MCF	MCFD	Cum MMCF
Pre-70	1,954,380		1,954			-	15,287		15
1970	421,842	1,156	2,376			-		-	15
1971	352,593	966	2,729			-		-	15
1972	338,389	927	3,067			-		-	15
1973	281,816	772	3,349			-		-	15
1974	241,834	663	3,591			-		-	15
1975	223,452	612	3,814			-		-	15
1976	200,454	549	4,015			-		-	15
1977	191,668	525	4,206			-		-	15
1978	163,601	448	4,370			-		-	15
1979	150,652	413	4,521			-		-	15
1980	112,369	308	4,633			-		-	15
1981	102,972	282	4,736	6,822	19	7		-	15
1982	335,753	920	5,072	11,256	31	18		-	15
1983	258,817	709	5,331	7,110	19	25		-	15
1984	300,111	822	5,631	8,052	22	33		-	15
1985	616,461	1,689	6,247	8,220	23	41		-	15
1986	506,705	1,388	6,754	5,643	15	47		-	15
1987	233,206	639	6,987	4,438	12	52		-	15
1988	546,887	1,498	7,534	3,231	9	55		-	15
1989	528,369	1,448	8,062	2,226	6	57		-	15
1990	481,455	1,319	8,544	2,077	6	59	5,354	15	21
1991	311,993	855	8,856	1,002	3	60	338,964	929	360
1992	373,790	1,024	9,230	2,471	7	63	2,512,356	6,883	2,872
1993	425,254	1,165	9,655	2,239	6	65	4,455,745	12,208	7,328
1994	460,762	1,262	10,116	1,510	4	66	6,015,433	16,481	13,343
1995	473,429	1,297	10,589	1,877	5	68	5,838,946	15,997	19,182
1996	381,903	1,046	10,971	4,648	13	73	4,990,725	13,673	24,173
1997	338,612	928	11,310	4,897	13	78	4,177,686	11,446	28,350
1998	298,375	817	11,608	5,323	15	83	3,268,728	8,955	31,619
1999	266,631	730	11,875	5,834	16	89	3,042,401	8,335	34,662
2000	268,242	735	12,143	4,869	13	94	2,672,713	7,323	37,334
2001	275,701	755	12,418	40,582	111	134	2,467,782	6,761	39,802
2002	570,315	1,563	12,989	107,979	296	242	2,770,359	7,590	42,572
2003	642,463	1,760	13,631	81,210	222	324	2,685,463	7,357	45,258
2004	541,424	1,483	14,173	70,369	193	394	2,621,624	7,183	47,880
2005	456,694	1,251	14,629	55,585	152	449	2,155,772	5,906	50,035
2006	396,856	1,087	15,026	53,001	145	502	2,004,760	5,492	52,040
THRU AUG 2007	214,375	882	15,241	18,640	77	521	1,084,326	4,462	53,124
	15,240,605			521,111			53,124,424		

[illegible]

Dakota [Pulled 2005 & 06 11-28-06]						Chacra [Pulled 2005 & 06 11-28-06]					
BO	BOPD	CUM MBO	MCF	MCFD	Cum MMCF	BO	BOPD	CUM MBO	MCF	MCFD	Cum MMCF
1,592,943		1,593	148,977,997		148,978				0		
176,917	485	1,770	21,884,136	59,957	170,862						
165,157	452	1,935	25,449,184	69,724	196,311						
137,866	378	2,073	25,363,343	69,489	221,675						
105,077	288	2,178	19,675,244	53,905	241,350						
96,504	264	2,274	18,866,872	51,690	260,217						
79,618	218	2,354	15,926,730	43,635	276,144						
72,558	199	2,427	14,223,501	38,968	290,367						
62,272	171	2,489	12,881,644	35,292	303,249						
54,632	150	2,544	10,880,231	29,809	314,129						
46,833	128	2,590	9,504,114	26,039	323,633						
41,155	113	2,632	8,203,558	22,476	331,837						
57,964	159	2,689	9,855,726	27,002	341,692						
60,782	167	2,750	9,114,054	24,970	350,806						
53,646	147	2,804	7,690,932	21,071	358,497						
56,998	156	2,861	9,367,925	25,666	367,865						
50,568	139	2,911	8,289,097	22,710	376,154						
21,086	58	2,933	3,590,191	9,836	379,744						
15,138	41	2,948	3,089,509	8,464	382,834						
23,482	64	2,971	2,156,673	5,909	384,991						
40,929	112	3,012	5,395,501	14,782	390,386						
47,693	131	3,060	7,148,891	19,586	397,535						
29,000	79	3,089	4,733,594	12,969	402,269						
42,268	116	3,131	6,354,870	17,411	408,624						
50,773	139	3,182	8,376,068	22,948	417,000						
42,030	115	3,224	8,336,612	22,840	425,336						
41,804	115	3,266	5,847,044	16,019	431,183						
30,747	84	3,296	5,489,965	15,041	436,673						
28,461	78	3,325	5,050,458	13,837	441,724						
21,170	58	3,346	3,858,146	10,570	445,582						
21,772	60	3,368	3,557,736	9,747	449,140						
20,523	56	3,388	3,404,438	9,327	452,544						
23,269	64	3,412	3,184,521	8,725	455,729						
22,767	62	3,434	3,280,269	8,987	459,009	1,872	5.1	1.9	6,261	202	6
21,955	60	3,456	3,441,628	9,429	462,450	1,226	3.4	3.1	199,274	546	206
20,804	57	3,477	3,331,181	9,127	465,782	845	2.3	3.9	195,048	534	401
17,304	47	3,494	3,126,983	8,567	468,909	473	1.3	4.4	205,579	563	606
16,080	44	3,511	2,925,835	8,016	471,834	453	1	4.87	163,917	449	770
9,825	40	3,520	1,559,440	6,417	473,394	103	0	4.97	154,458	423	925
									41,728	172	966
3,520,370			473,393,841			4,972			966,265		