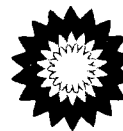


bp

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Amoco Production Company

A Part of the BP
501 WestLake Park Blvd.
Houston, TX 77079-3092

Phone: 281-366-2000

March 1, 2006

Bureau of Land Management
Farmington District Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401
Attn: Margie Dupre

State of New Mexico
Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

State 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, Director

Re: 2005 Review of Operations
2006 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

2006 MAR 6 PM 12 47

Gentlemen:

BP America Production Company, as Unit Operator for the Gallegos Canyon Unit, submits for your approval the attached Review of 2005 Operations and 2006 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) 366-1368.

Very truly yours,

Matt Hood

Enclosures

Review of 2005 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 07/31/2005

FORMATION	GAS (MMCF)	CONDENSATE (MBLS)
Farmington Sands	431	0
Fruitland Sands	14,441	0
Fruitland Coal	49,233	0
Pictured Cliffs	194,712	5
Chacra	702	4
Gallup	8,941	1,948
Dakota	467,605	3,488

TABLE II
Production Status by Formation as of 07/31/2005

FORMATION	ACTIVE	INACTIVE
Farmington Sands	3	0
Fruitland Sands	38	0
Fruitland Coal	92	4
Pictured Cliffs	151	5
Chacra	6	0
Gallup	5	14
Dakota	189	4

2005 GCU Development

Table III below shows the status of each of the proposed activities from the 2005 GCU Plan of Development. As of 12/8/2005, zero new wells have been drilled and zero wells have been recompleted.

TABLE III-A
2005 Work Status

WELL NO.	DEDICATION	TYPE	OBJECTIVE	STATUS
GCU 004	NE/4 34-T28N-R12W	Recomplete and commingle with FC	PC	Deferred
GCU 040	NE/4 29-T28N-R12W	Recomplete and commingle with FC	PC	Deferred
GCU 572	SE/4 19-T28N-R12W	Drill	PC	Deferred
GCU 585	SW/4 29-T28N-R12W	Drill	PC	Deferred

TABLE III-B
2005 Plug and Abandon Candidates

WELL NO.	DEDICATION	CURRENT HORIZON	STATUS
GCU 012	NE/4 33-T28N-R12W	PC	Completed
GCU 163E	SW/4 26-T29N-R13W	FC	Completed
GCU 174	SW/4 28-T28N-R12W	DK	Completed
GCU 176E	N/2 25-T28N-R13W	FC/DK	Completed
GCU 209	W/2-15-T28N-R12W	FC	Completed
GCU 246	E/2 35-T28N-R12W	DK	Completed
GCU 350	SE/4 33-T29N-R12W	PC	Completed

2006 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. Current 2006 plans include the no drilling and only 2 recompletions in existing wellbores from the list below. Some of the recompletions will involve commingling the recompleted horizon with the current producing horizon. We do have 2 drilling locations on Navajo land that we hope to permit in 2006 and drill in 2007.

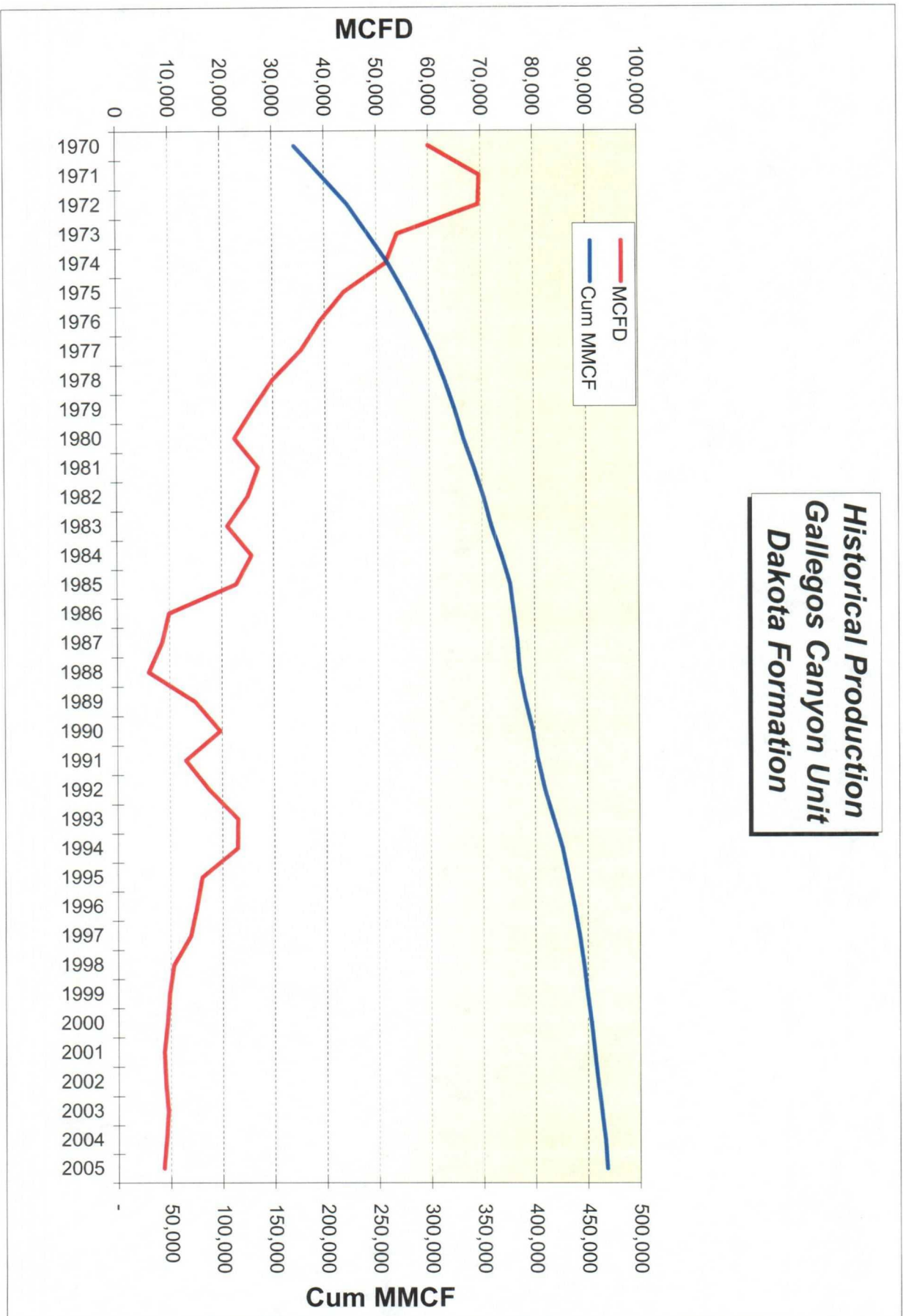
TABLE IV
2006 Development Projects

WELL NO.	DEDICATION	TYPE	OBJECTIVE	PERMIT STATUS
GCU 004	NE/4 34-T28N-R12W	Recomplete and commingle with FC	PC	Evaluating
GCU 020	SW/4 17-T28N-R12W	Recomplete and commingle with FC	PC	Preparing for Submission
GCU 028	NE/4 30-T29N-R12W	Recomplete and commingle with FS	PC	Preparing for Submission
GCU 040	NE/4 29-T28N-R12W	Recomplete and commingle with FC	PC	Evaluating
GCU GC 'D' 160E	SW/4 27-T29N-R12W	Recomplete	CK	Evaluating
GCU GC 'F' 162E	NE/4 36-T29N-R12W	Recomplete and commingle with DK	CK	Evaluating
GCU GC 'G' 179E	SE/4 26-T29N-R12W	Recomplete	CK	Evaluating
GCU GC 'I' 181	NW/4 34-T29N-R12W	Recomplete	CK	Evaluating
GCU 341	NW/4 16-T28N-R12W	Recomplete and commingle with FS	PC	Evaluating
GCU 572	SE/4 19-T28N-R12W	Drill	PC	Preparing for Submission
GCU 584	NW/4 18-T28N-R12W	Re-Frac	PC	Evaluating
GCU 585	SW/4 29-T28N-R12W	Drill	PC	Preparing for Submission

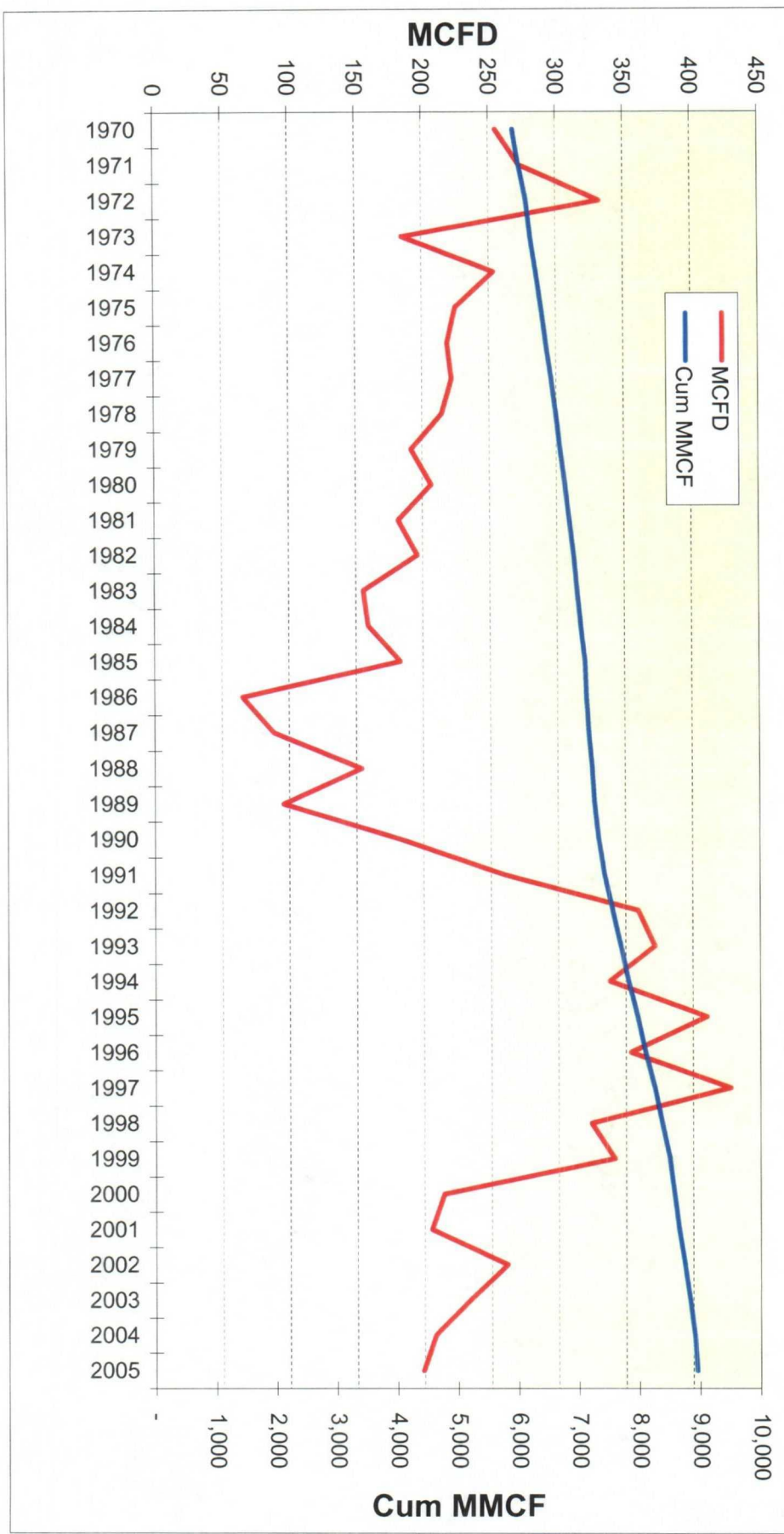
TABLE V
2006 Plug and Abandon Candidates

WELL NO.	DEDICATION	CURRENT HORIZON	OTHER PRODUCED OR TESTED HORIZONS
GCU 083	NE/4 26-T28N-R12W	GP	DK
GCU 083E	NW/4 26-T28N-R12W	GP	DK
GCU 089E	W/2 06-T27N-R12W	DK	
GCU 184	E/2 28-T28N-R12W	DK	
GCU 219	N/2 23-T28N-R12W	DK	
GCU 238E	E/2 23-T28N-R13W	DK	
GCU 285	SW/4 31-T29N-R12W	PC	
GCU 291	SE/4 23-T28N-R12W	FS	PC/FC
GCU 522	NW/4 22-T29N-R12W	PC	

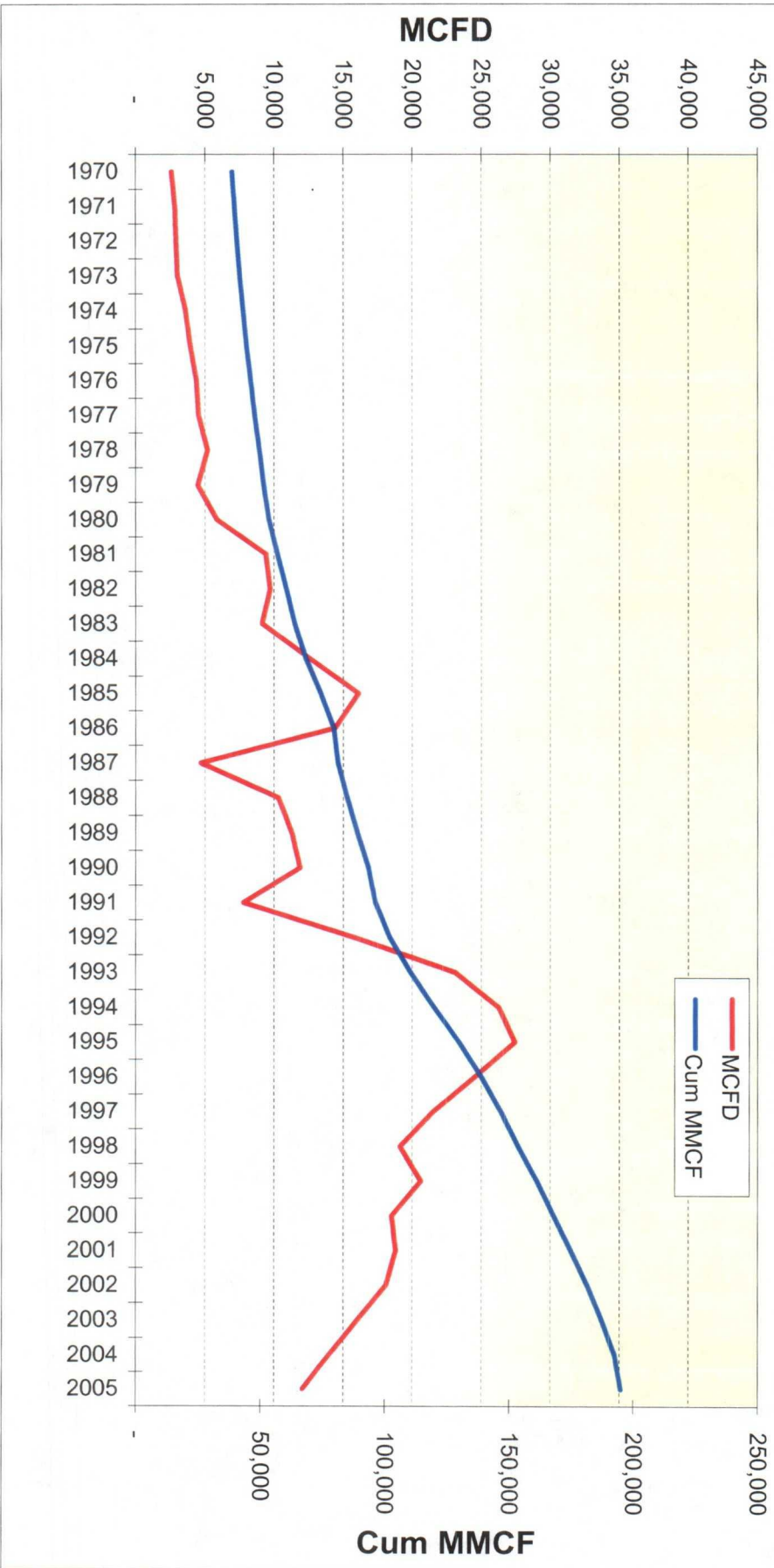
Historical Production **Gallegos Canyon Unit** **Dakota Formation**



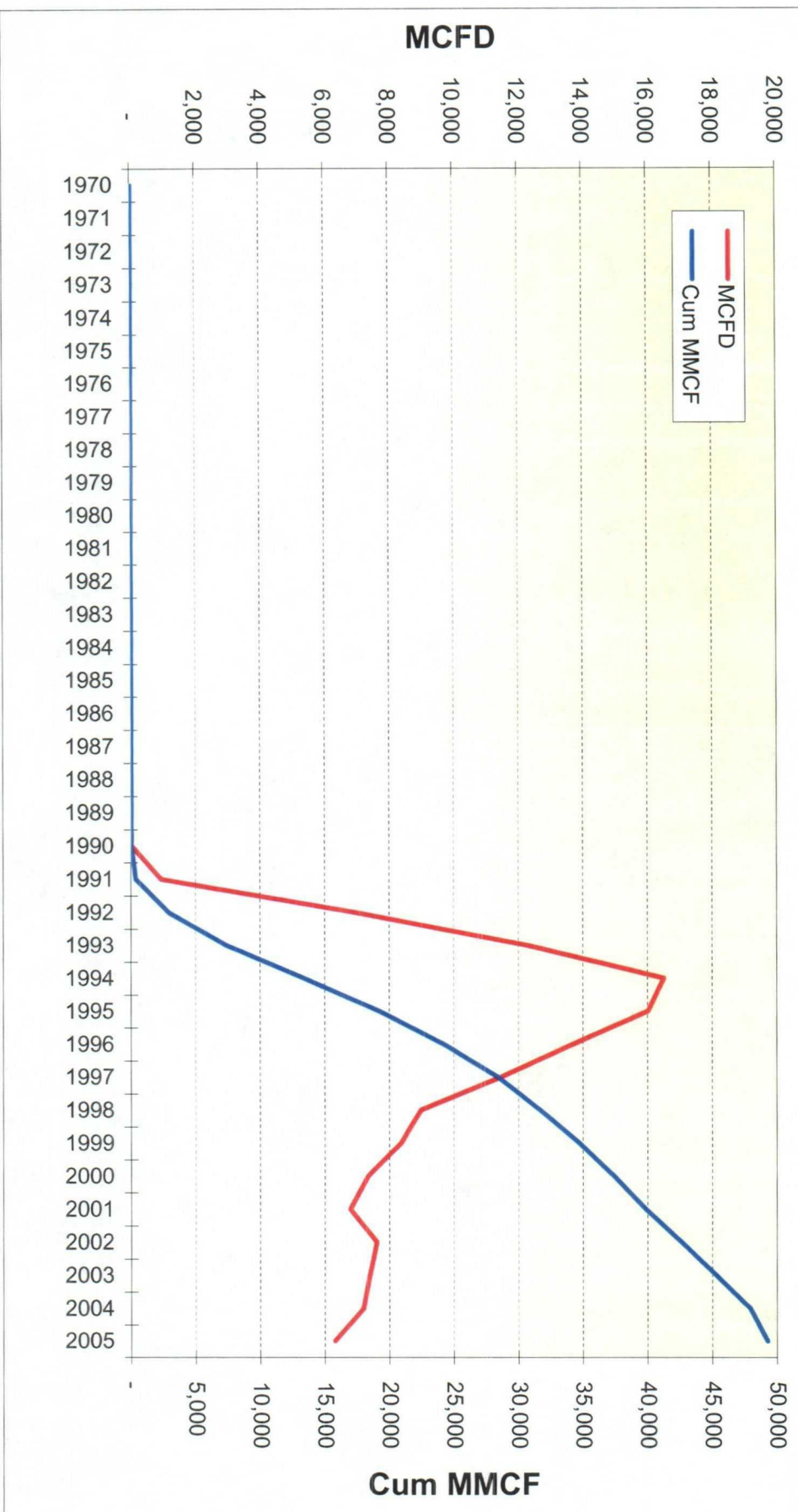
Historical Production **Gallegos Canyon Unit** **Gallup Formation**



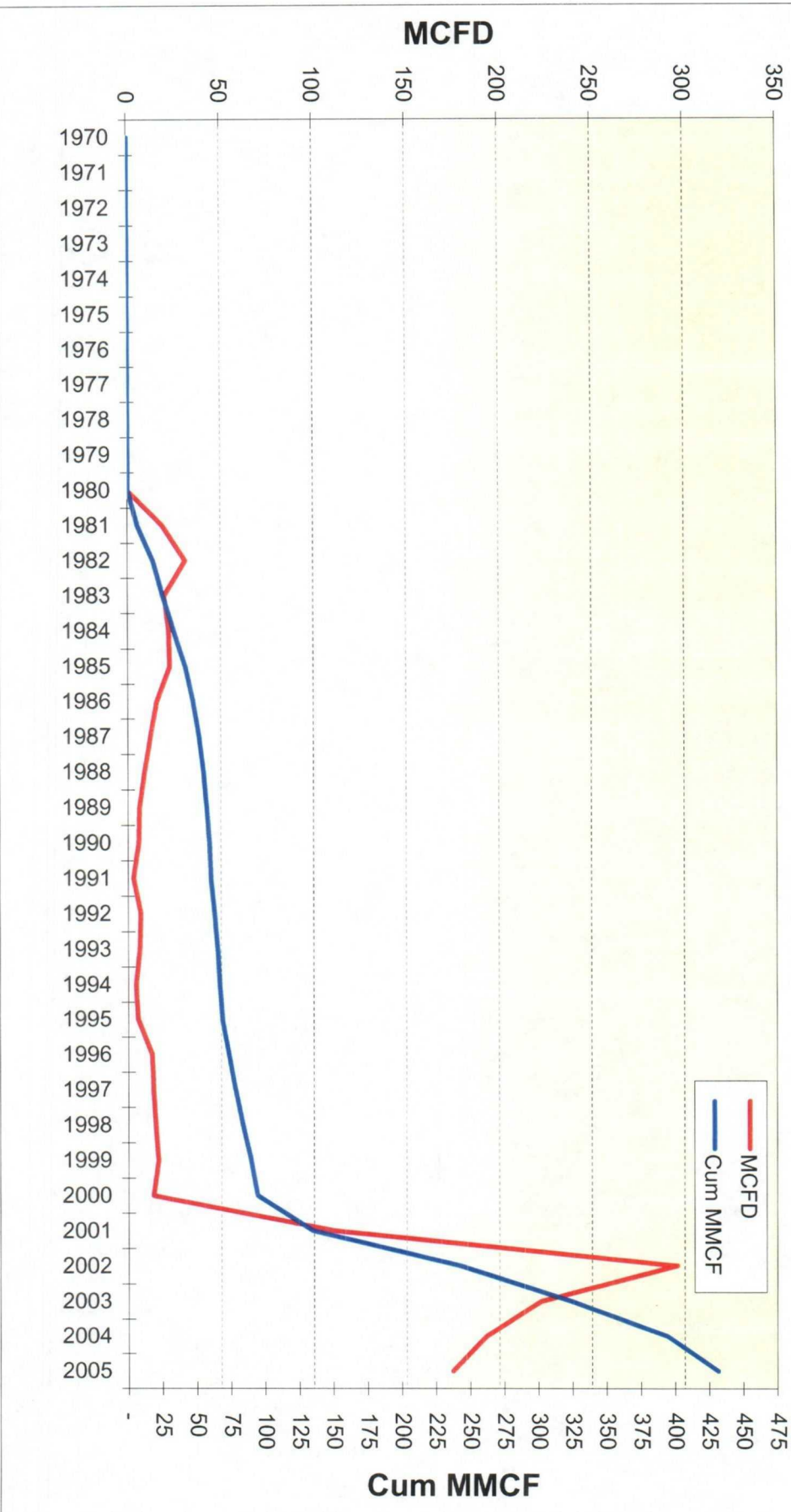
Historical Production **Gallegos Canyon Unit** **Pictured Cliffs Formation**



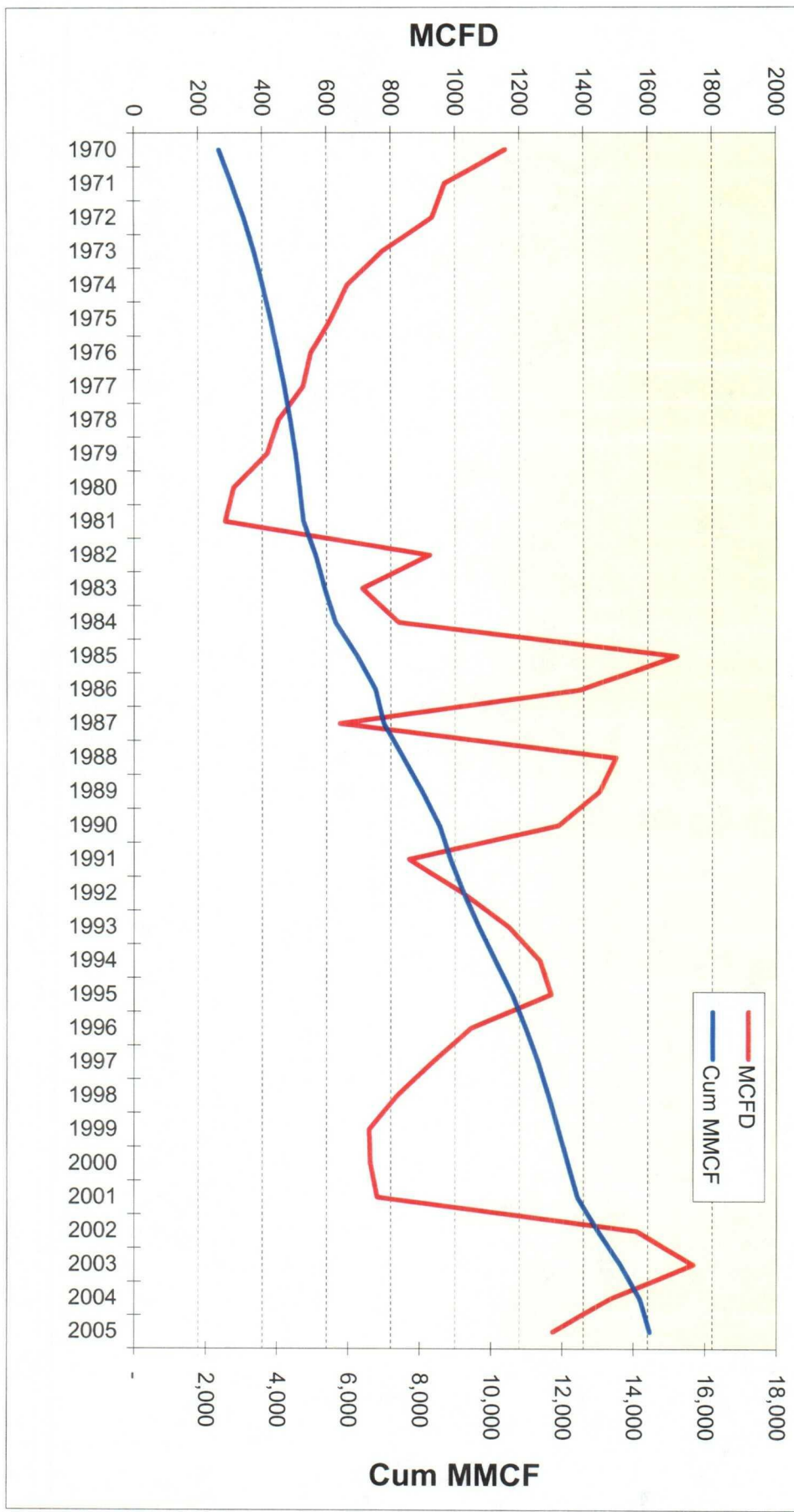
**Historical Production
Gallegos Canyon Unit
Fruitland Coal Formation**



Historical Production **Gallegos Canyon Unit** **Farmington Sands Formation**



Historical Production
Gallegos Canyon Unit
Fruitland Sands Formation



2000 Operations			
FM	MMCF	MBO	
Farmington Sands	91		
Fruitland Sands	11,861		
Fruitland Coal	35,608		
Pictured Cliffs	163,357	4	
Gallup	9,809	2,005	
Dakota	450,275	3,373	
Production Status by Formation			
FM	Active	Inactive	
Farmington Sands	1	1	
Fruitland Sands	21	3	
Fruitland Coal	64	8	
Pictured Cliffs	120	20	
Gallup	6	16	
Dakota	200	21	

2001 Operations			
FM	MMCF	MBO	
Farmington Sands	100		
Fruitland Sands	12,215		
Fruitland Coal	39,800		
Pictured Cliffs	174,635	4	
Gallup	8,719	1,943	
Dakota	455,695	3,412	
Production Status by Formation			
FM	Active	Inactive	
Farmington Sands	1	1	
Fruitland Sands	21	3	
Fruitland Coal	80	9	
Pictured Cliffs	128	21	
Gallup	6	17	
Dakota	196	21	

2002 Operations			
FM	MMCF	MBO	
Farmington Sands	242		
Fruitland Sands	12,989		
Fruitland Coal	42,586		
Pictured Cliffs	181,233	4	
Gallup	8,738	1,945	
Dakota	459,006	3,434	
Chacra	206	2	
Production Status by Formation			
FM	Active	Inactive	
Farmington Sands	2	1	
Fruitland Sands	26	1	
Fruitland Coal	81	5	
Pictured Cliffs	132	10	
Gallup	5	15	
Dakota	204	4	
Chacra	5	0	

2003 Operations			
FM	MMCF	MBO	
Farmington Sands	324		
Fruitland Sands	13,624		
Fruitland Coal	45,277		
Pictured Cliffs	187,075	4	
Gallup	8,823	1,946	
Dakota	462,448	3,456	
Chacra	401	3	
Production Status by Formation			
FM	Active	Inactive	
Farmington Sands	2	1	
Fruitland Sands	32	1	
Fruitland Coal	88	3	
Pictured Cliffs	149	7	
Gallup	6	13	
Dakota	202	7	
Chacra	6	0	

2004 Operations			
FM	MMCF	MBO	
Farmington Sands	394		
Fruitland Sands	14,165		
Fruitland Coal	47,899		
Pictured Cliffs	192,164	4	
Gallup	8,899	1,948	
Dakota	465,779	3,477	
Chacra	606	4	
Production Status by Formation			
FM	Active	Inactive	
Farmington Sands	3	0	
Fruitland Sands	38	2	
Fruitland Coal	88	5	
Pictured Cliffs	146	10	
Gallup	5	14	
Dakota	197	7	
Chacra	6	0	

2005 Operations			
Cumulative Production as of 7/31/05			
FM	MMCF	MBO	
Farmington Sands	431		
Fruitland Sands	14,441		
Fruitland Coal	49,233		
Pictured Cliffs	194,712	5	
Gallup	8,941	1,948	
Dakota	467,605	3,488	
Chacra	702	4	
Production Status by Formation			
FM	Active	Inactive	
Farmington Sands	3	0	
Fruitland Sands	38	0	
Fruitland Coal	92	4	
Pictured Cliffs	151	5	
Gallup	5	14	
Dakota	189	4	
Chacra	6	0	

[illegible]

THRU JULY

Pictured Cliffs [Pulled 2004 & 05 11-28-05]				Gallup [Pulled 2004 & 05 11-28-05]							
BO	BOPD	CUM MBO	MCF	MCFD	Cum MMCF	BO	BOPD	CUM MBO	MCF	MCFD	Cum MMCF
					37,489,364	1,576,392		1,576	5,857,757		5,858
-				2,586	943,709	46,058		1,622	92,973		255
-				2,835	1,034,632	34,902	126	1,657	99,385		272
-				2,902	1,059,048	20,796	96	1,678	121,034		332
-				3,015	1,100,306	13,658	57	1,692	67,292		184
-				3,590	1,310,401	14,580	37	1,706	92,293		253
-				3,934	1,435,831	14,475	40	1,721	81,870		224
-				4,383	1,599,650	13,554	40	1,734	79,700		218
-				4,524	1,651,193	12,282	34	1,747	80,880		222
-				5,174	1,888,464	11,700	32	1,758	78,137		214
-				4,456	1,626,471	10,882	30	1,769	69,736		191
-				5,852	2,136,117	9,582	26	1,779	75,193		206
-				9,397	3,429,886	9,616	26	1,788	66,153		181
-				9,701	3,540,909	9,450	26	1,798	71,376		196
-				9,111	3,325,643	9,926	27	1,808	56,586		155
-				12,569	4,587,689	10,903	27	1,819	57,981		159
-				16,074	5,867,019	8,200	22	1,827	66,666		183
-				14,380	5,248,874	6,565	18	1,834	23,668		65
-				4,696	1,713,913	6,535	18	1,840	32,197		88
-				10,303	3,760,611	9,904	18	1,850	56,000		153
4.26				11,264	4,111,533	5,794	27	1,856	34,723		95
4.26				11,865	4,330,886	8,331	16	1,864	66,462		182
4.26				7,765	2,834,298	8,191	23	1,872	94,806		260
4.26				15,723	5,738,887	10,737	22	1,883	130,956		359
4.26				23,065	8,418,768	9,505	29	1,893	135,516		371
4.26				26,255	9,583,068	7,343	26	1,900	123,202		338
4.26				27,401	10,001,354	8,941	20	1,909	149,563		410
4.26				24,496	8,941,012	7,547	24	1,916	128,882		353
4.30				21,481	7,840,701	7,932	21	1,924	156,012		427
4.30				19,089	6,967,436	6,217	22	1,930	118,175		324
4.30				20,594	7,516,902	5,710	17	1,936	124,538		341
4.30				18,493	6,749,962	4,620	16	1,941	78,180		214
4.30				18,777	6,853,634	4,620	13	1,941	78,180		214
4.31				18,068	6,594,850	2,421	7	1,943	74,735		205
4.38				16,005	5,841,772	1,418	4	1,945	95,328		261
4.47				13,943	5,089,271	1,628	4	1,946	85,165		233
4.54				12,019	2,547,922	1,277	4	1,948	75,762		208
						844	3	1,948	42,096		199
							4	1,948	42,096		199
4,539				194,711,986		1,944,667			8,940,978		

