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**BP America Production
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March 4, 2010

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

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 Drive
Santa Fe, New Mexico 87505
Attn: Ms. Lori Wrotenbery, Director

RE: 2009 Review of Operations
2010 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

Ladies and Gentlemen:

BP America Production Company, as Unit Operator for the Gallegos Canyon Unit, submits for your approval the enclosed 2009 Review of Operations and 2010 Plan of Development.

Please signify your approval of the Plan of Development by signing in the space provided on the attached sheet and returning same to my attention at the address provided in the above letterhead. If you have any questions, please do not hesitate to contact me at 281.366.8852.

Respectfully,

Ryan D. Fitzpatrick
Land Negotiator

Enclosures

Review of 2009 Operations

Shown in Table I are the cumulative volumes of gas and condensate produced from each reservoir in Gallegos Canyon Unit (GCU). Table II summarizes the well status in each horizon. Because GCU has many downhole 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 07/31/2009

FORMATION	GAS (MMCF)	CONDENSATE (MBLS)
Farmington Sands	599	0
Fruitland Sands	15,725	0
Fruitland Coal	56,071	0
Pictured Cliffs	206,812	5
Chacra	1,163	6
Gallup	9,184	1,987
Dakota	478,096	3,546

TABLE II
Production Status by Formation as of 07/31/2009

FORMATION	ACTIVE	INACTIVE
Farmington Sands	3	0
Fruitland Sands	35	1
Fruitland Coal	85	2
Pictured Cliffs	139	1
Chacra	6	0
Gallup	6	0
Dakota	180	1

2009 GCU Development

Table III-A below shows the status of each of the new proposed activities from the 2009 GCU Plan of Development. As of 12/31/2009, zero new wells were drilled and zero wells were recompleted. Table III-B below shows the Plug and Abandon candidates from the 2009 GCU Plan of Development and the status of each well as of 12/31/2009.

TABLE III-A
2009 Work Status

WELL NO.	DEDICATION	TYPE	OBJECTIVE	STATUS
GCU 265	Unit P Sec25 T28N R12W	Commingle DK with Gallup	DK+Gallup	Evaluating
GCU 160E	SW/4 27-T29N-R12W	Recomplete from DK	PC	Suspended
GCU Com G 179	SW/4 26-T29N-R12W	Recomplete from DK	PC	Suspended
GCU 33	Unit M Sec21 T28N R12W	Recomplete from FC	FT	Suspended
GCU 95	Unit K Sec31 T28N R11W	Recomplete from DK	Gallup	Suspended

TABLE III-B
2009 Plug and Abandon Candidates

WELL NO.	DEDICATION	CURRENT HORIZON	STATUS
GCU 109	Unit M Sec 18 T29N R12W	PC	PxA 01/29/09
GCU 320	Unit I Sec 30 T28N R12 W	PC	PxA 04/15/09
GCU 513 (*)	Sec 34 T29N R12W	DK	PxA 7/30/09
GCU 400	Unit F Sec 25 T28N R12W	DK	PxA 10/16/09
GCU 169	Unit I Sec 35 T29N R12W	DK	Scheduled to be PXA in Jan-2010
GCU 316	Unit I Sec 21 T28N R12W	PC	Scheduled to be PXA in Feb-2010
GCU 20	Unit M Sec 17 T28N R12W	FC	Potential PXA for 2010
GCU 159E	Unit L Sec 31 T28N R12W	DK	Potential PXA for 2010
GCU 184	Unit A Sec 28 T28N R12W	DK	Potential PXA for 2010
GCU 289	SW/4 Sec 8 T28N R12W	PC	Potential PXA for 2010

(*) Not originally a 2009 PxA Candidate

2010 Plan of Development

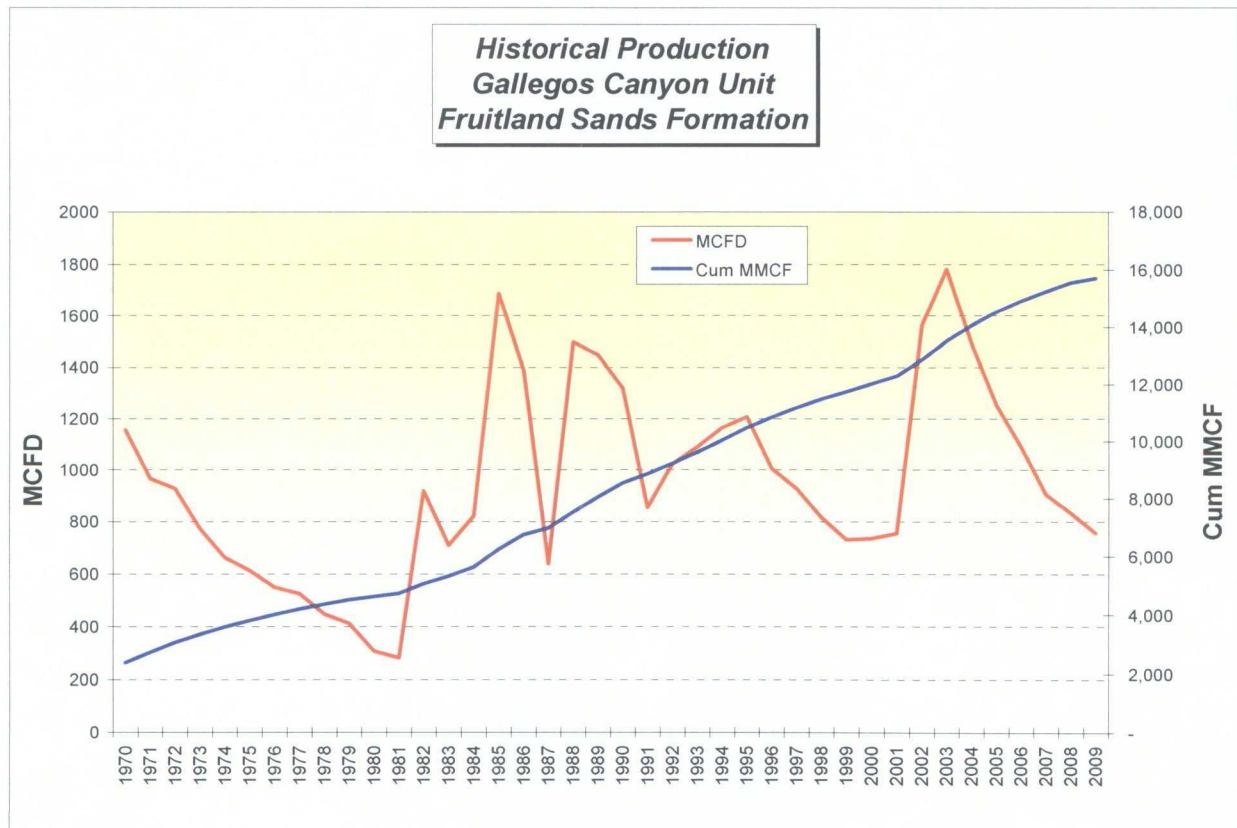
BP America will continue to evaluate recompletion and commingling options to maximize value and gas recovery from the Gallup, Chacra and Fruitland Coal horizons within GCU. Extensive integration of geology and engineering data will continue throughout 2010 to create an inventory of economically viable and operationally executable options for GCU.

There are currently no planned drilling or recompletion activities in GCU for 2010.

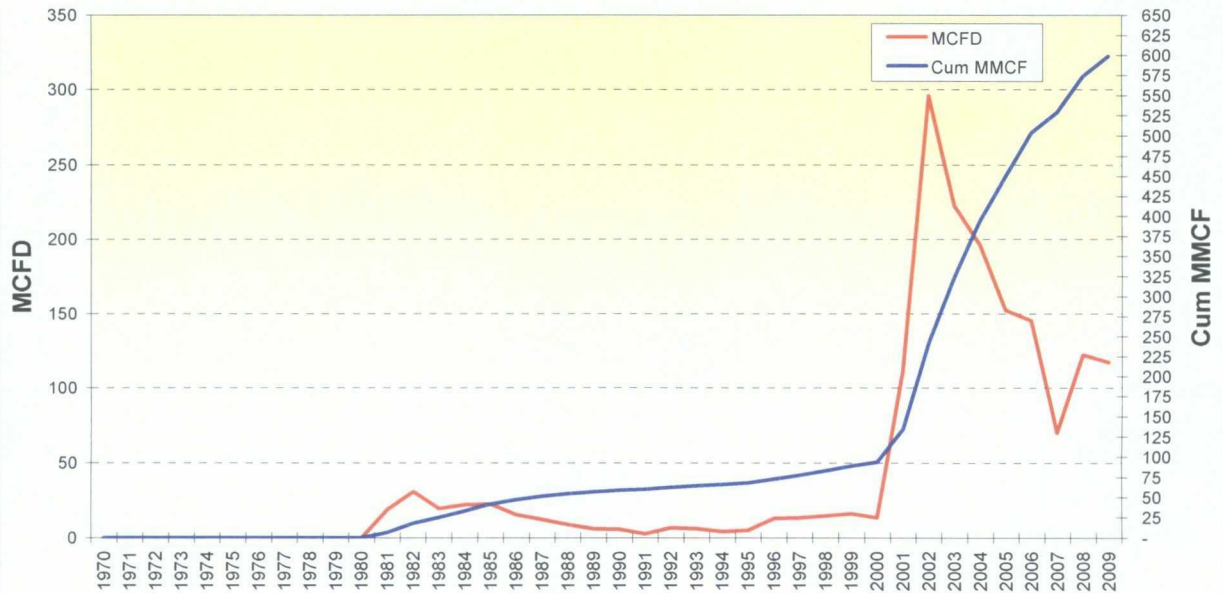
Table IV below shows a list of planned plugging and abandonment candidates for 2010.

TABLE IV
2010 Plug and Abandon Candidates

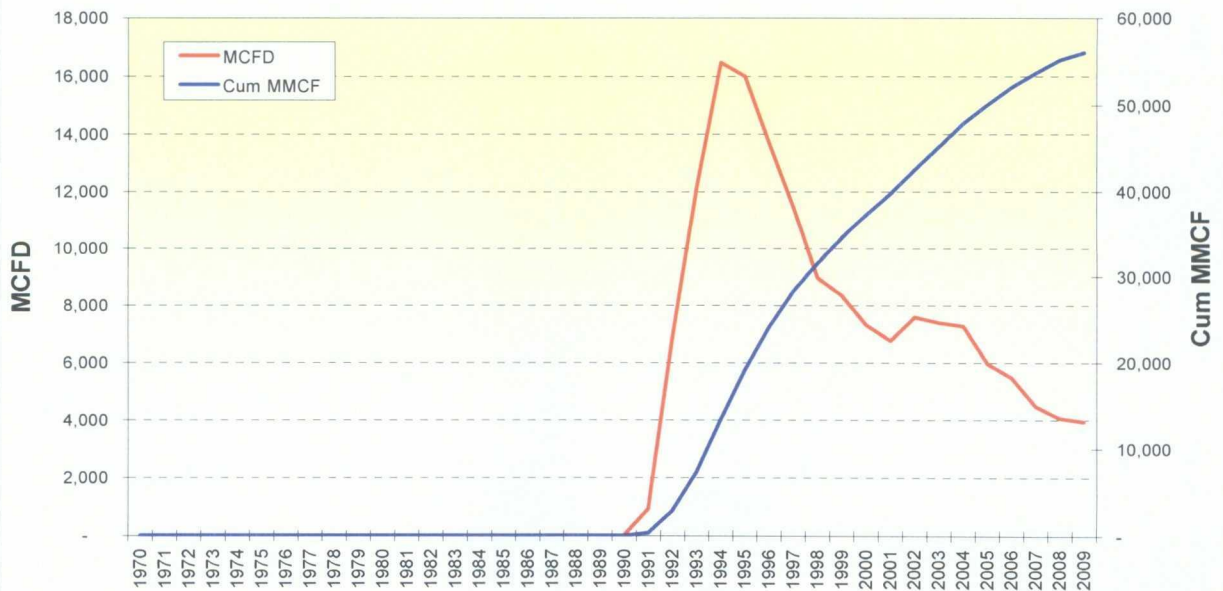
WELL NO.	DEDICATION	CURRENT HORIZON	OTHER PRODUCED OR TESTED HORIZONS
GCU 20	Unit M Sec 17 T28N R12W	FC	PC
GCU 76	Unit N Sec 23 T28N R12W	FT	PC/FC
GCU 159E	Unit L Sec 31 T28N R12W	DK	
GCU 169	Unit I Sec 35 T29N R12W	DK	
GCU 184	Unit A Sec 28 T28N R12W	DK	
GCU 289	Unit N Sec 08 T28N R12W	PC	
GCU 316	Unit I Sec 21 T28N R12W	PC	
GCU 338	NE/4 Sec 09 T27N R12W	FC	PC
GCU 562	Unit F Sec 22 T29N R12W	FC	



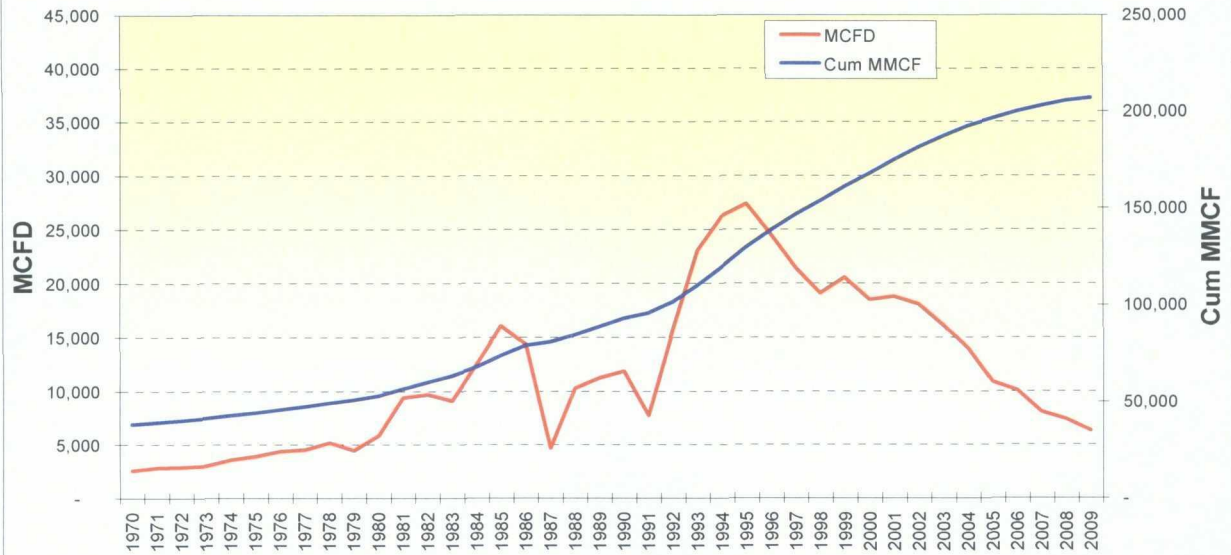
**Historical Production
Gallegos Canyon Unit
Farmington Sands Formation**



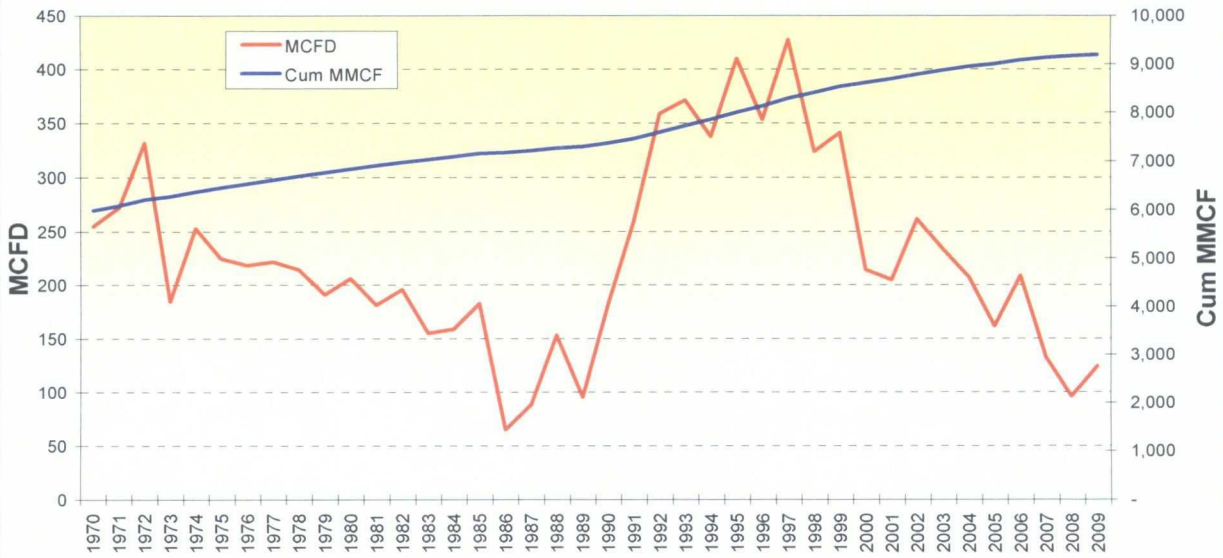
**Historical Production
Gallegos Canyon Unit
Fruitland Coal Formation**



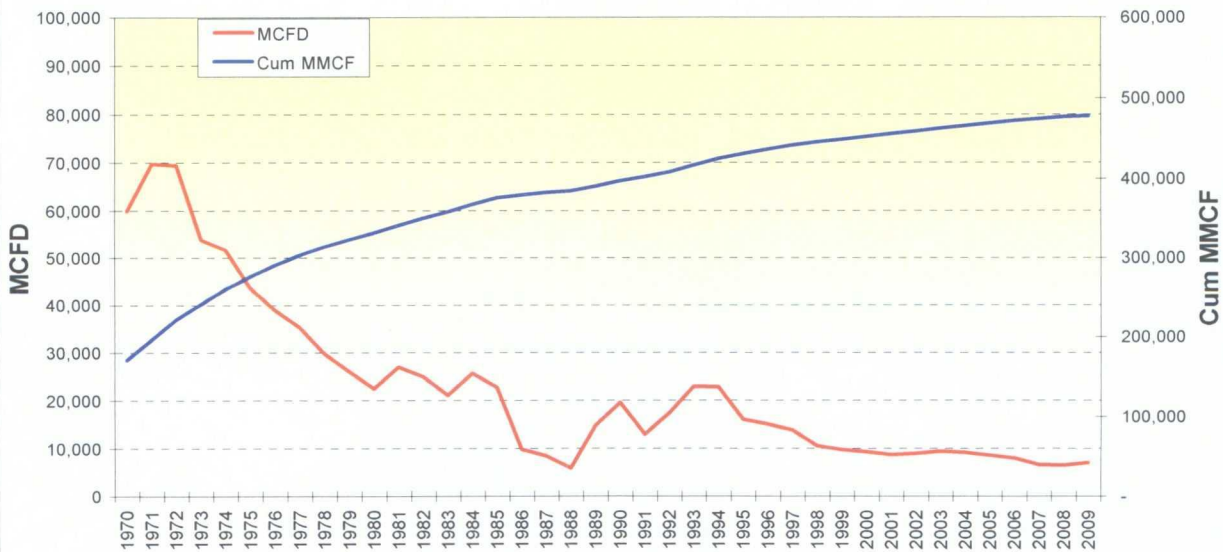
**Historical Production
Gallegos Canyon Unit
Pictured Cliffs Formation**



**Historical Production
Gallegos Canyon Unit
Gallup Formation**



**Historical Production
Gallegos Canyon Unit
Dakota Formation**



**Historical Production
Gallegos Canyon Unit
Chacra Formation**



Fruitland Sand [Pulled 2008 & 2009 12-08-09]				Farmington [Pulled 2008 & 2009 12-08-09]				Fruitland Coal [Pulled 2008 & 2009 12-08-09]			
	MCF	MCFD	Cum NMCF	MCF	MCFD	Cum NMCF		MCF	MCFD	Cum NMCF	
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			15
1991	311,993	855	8,856	1,002	3	60	338,964	929			21
1992	373,790	1,024	9,230	2,471	7	63	2,512,356	6,883			360
1993	397,986	1,090	9,628	2,239	6	65	4,455,745	12,208			2,872
1994	425,470	1,166	10,053	1,510	4	66	6,015,433	16,481			7,328
1995	440,904	1,208	10,494	1,877	5	68	5,838,946	15,997			13,343
1996	367,242	1,006	10,861	4,648	13	73	4,990,725	13,673			19,182
1997	338,612	928	11,200	4,897	13	78	4,177,686	11,446			24,173
1998	298,375	817	11,498	5,323	15	83	3,268,728	8,955			28,350
1999	266,631	730	11,765	5,834	16	89	3,042,401	8,335			31,619
2000	268,242	735	12,033	4,869	13	94	2,672,713	7,323			34,662
2001	275,701	755	12,309	40,582	111	134	2,467,782	6,761			37,334
2002	570,315	1,563	12,879	107,979	296	242	2,770,359	7,590			39,802
2003	650,157	1,781	13,529	81,210	222	324	2,700,274	7,398			42,572
2004	544,857	1,493	14,074	71,622	196	395	2,655,560	7,276			45,273
2005	457,764	1,254	14,532	55,585	152	451	2,175,195	5,959			47,928
2006	397,879	1,090	14,930	53,001	145	504	2,001,826	5,484			50,104
2007	330,783	906	15,260	25,514	70	529	1,638,695	4,490			52,105
2008	304,292	834	15,565	44,607	122	574	1,489,641	4,081			53,744
THRU JULY 2009	160,446	757	15,725	24,833	117	599	837,384	3,950			55,234
	15,725,225			598,678			56,071,054				56,071

Pictured Cliffs [Pulled 2008 & 2009 12-08-09]						Gallup [Pulled 2008 & 2009 12-08-09]					
BO	BOPD	CUM MBO	MCF	MCFD	Cum MMCF	BO	BOPD	CUM MBO	MCF	MCFD	Cum MMCF
Pre-70			37,491,422		37,491						
1970		-	943,709	2,586	38,435		1,610,177	1,610	5,898,438	255	5,898
1971		-	1,034,632	2,835	39,470		46,058	126	92,973	255	5,991
1972		-	1,059,048	2,902	40,529		34,902	96	99,385	272	6,091
1973		-	1,100,306	3,015	41,629		20,796	57	121,034	332	6,212
1974		-	1,310,401	3,590	42,940		13,658	37	67,292	184	6,279
1975		-	1,435,831	3,934	44,375		14,580	40	92,293	253	6,371
1976		-	1,599,650	4,383	45,975		14,475	40	81,870	224	6,453
1977		-	1,651,193	4,524	47,626		13,554	37	79,700	218	6,533
1978		-	1,888,464	5,174	49,515		12,282	34	80,880	222	6,614
1979		-	1,626,471	4,456	51,141		11,700	32	78,137	214	6,692
1980		-	2,136,117	5,852	53,277		10,882	30	69,736	191	6,762
1981		-	3,429,886	9,397	56,707		9,582	26	75,193	206	6,837
1982		-	3,540,909	9,701	60,248		9,616	26	66,153	181	6,903
1983		-	3,325,643	9,111	63,574		9,450	26	71,376	196	6,974
1984		-	4,587,689	12,569	68,161		9,926	27	56,586	155	7,031
1985		-	5,867,019	16,074	74,028		10,903	30	57,981	159	7,089
1986		-	5,248,874	14,380	79,277		8,200	22	66,666	183	7,156
1987		-	1,713,913	4,696	80,991		6,565	18	23,668	65	7,179
1988		-	3,760,611	10,303	84,752		6,535	18	32,197	88	7,212
1989	4,259	12	4,111,533	11,264	88,863		9,904	27	56,000	153	7,268
1990		-	4,330,886	11,865	93,194		5,794	16	34,723	95	7,302
1991		-	2,834,298	7,765	96,029		8,331	23	66,462	182	7,369
1992		-	5,738,887	15,723	101,767		8,191	22	94,806	260	7,464
1993		-	8,418,768	23,065	110,186		10,737	29	130,956	359	7,595
1994		-	9,583,068	26,255	119,769		9,505	26	135,516	371	7,730
1995		-	10,001,354	27,401	129,771		7,343	20	123,202	338	7,853
1996		-	8,941,012	24,496	138,712		8,941	24	149,563	410	8,003
1997	42	0	7,840,701	21,481	146,552		7,547	21	128,882	353	8,132
1998		4,30	6,967,436	19,089	153,520		7,932	22	156,012	427	8,288
1999		-	7,516,902	20,594	161,037		6,217	17	118,175	324	8,406
2000		-	6,749,962	18,493	167,787		5,710	16	124,538	341	8,530
2001	2	0	6,853,634	18,777	174,640		4,620	13	78,180	214	8,609
2002	10	0	6,594,850	18,068	181,235		2,421	7	74,735	205	8,683
2003	53	0	5,887,930	16,131	187,123		1,418	4	95,328	261	8,779
2004	96	0	5,094,244	13,957	192,217		1,651	5	85,165	233	8,864
2005	133	0	3,964,433	10,861	196,182		1,279	4	75,762	208	8,940
2006	245	1	3,673,171	10,063	199,855		1,191	3	58,944	161	8,999
2007	110	0	2,939,854	8,054	202,795		1,967	5	76,127	209	9,075
2008	6	0	2,680,707	7,344	205,475		1286	4	48,234	132	9,123
THRU JULY 2009	1	0	1,336,828	6,306	206,812		688	2	34,995	96	9,158
	4,957		206,812,246				540	3	26,264	124	9,184
							1,987,054		9,184,127		

Dakota [Pulled 2008 & 2009 12-08-09]							Chacra [Pulled 2008 & 2009 12-08-09]						
	BO	BOPD	CUM MBO	MCF	MCFD	Cum NMCF		BO	BOPD	CUM MBO	MCF	MCFD	Cum NMCF
Pre-70	1,592,943		1,593	148,975,480		148,975							0
1970	176,917	485	1,770	21,884,136	59,957	170,860							
1971	165,157	452	1,935	25,449,184	69,724	196,309							
1972	137,866	378	2,073	25,363,343	69,489	221,672							
1973	105,077	288	2,178	19,675,244	53,905	241,347							
1974	96,504	264	2,274	18,866,872	51,690	260,214							
1975	79,618	218	2,354	15,926,730	43,635	276,141							
1976	72,558	199	2,427	14,223,501	38,968	290,364							
1977	62,272	171	2,489	12,881,644	35,292	303,246							
1978	54,632	150	2,544	10,880,231	29,809	314,126							
1979	46,833	128	2,590	9,504,114	26,039	323,630							
1980	41,155	113	2,632	8,203,558	22,476	331,834							
1981	57,964	159	2,689	9,855,726	27,002	341,690							
1982	60,782	167	2,750	9,114,054	24,970	350,804							
1983	53,646	147	2,804	7,690,932	21,071	358,495							
1984	56,998	156	2,861	9,367,925	25,666	367,863							
1985	50,568	139	2,911	8,289,097	22,710	376,152							
1986	21,086	58	2,933	3,590,191	9,836	379,742							
1987	15,138	41	2,948	3,089,509	8,464	382,831							
1988	23,482	64	2,971	2,156,673	5,909	384,988							
1989	40,929	112	3,012	5,395,501	14,782	390,384							
1990	47,693	131	3,060	7,148,891	19,586	397,533							
1991	29,000	79	3,089	4,733,594	12,969	402,266							
1992	42,268	116	3,131	6,354,870	17,411	408,621							
1993	50,773	139	3,182	8,376,068	22,948	416,997							
1994	42,030	115	3,224	8,336,612	22,840	425,334							
1995	41,804	115	3,266	5,847,044	16,019	431,181							
1996	30,747	84	3,296	5,489,965	15,041	436,671							
1997	28,461	78	3,325	5,050,458	13,837	441,721							
1998	21,170	58	3,346	3,858,146	10,570	445,579							
1999	21,772	60	3,368	3,557,736	9,747	449,137							
2000	20,523	56	3,388	3,404,438	9,327	452,541							
2001	23,269	64	3,412	3,184,521	8,725	455,726							
2002	22,767	62	3,434	3,280,269	8,987	459,006	1,872	5.1	1.9	6,261	202	6	
2003	22,007	60	3,456	3,444,754	9,438	462,451	1,226	3.4	3.1	199,274	546	206	
2004	20,821	57	3,477	3,331,990	9,129	465,783	841	2.3	3.9	209,213	573	415	
2005	17,318	47	3,495	3,129,429	8,574	468,912	473	1.3	4.4	205,580	563	620	
2006	15,905	44	3,510	2,926,052	8,017	471,838	453	1	4.87	163,920	449	784	
2007	13,992	38	3,524	2,417,051	6,622	474,256	213	1	5.08	154,476	423	939	
2008	11,429	31	3,536	2,353,654	6,448	476,609	522	1	5.60	65,276	179	1,004	
THRU JULY 2009	9,909	47	3,546	1,486,768	7,013	478,096	207	1	5.81	106,676	292	1,111	
	3,545,783			478,095,955			5,807			52,059	246	1,163	

Fruitland Sand [Pulled 2008 & 2009 12-08-09]				Farmington [Pulled 2008 & 2009 12-08-09]				Fruitland Coal [Pulled 2008 & 2009 12-08-09]			
MCF	MCFD	Cum MMCF		MCF	MCFD	Cum MMCF		MCF	MCFD	Cum MMCF	
Pre-70	1,954,380							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	-	-	-	15
1982	335,753	920	5,072	11,256	31	18	15	-	-	-	15
1983	258,817	709	5,331	7,110	19	25	15	-	-	-	15
1984	300,111	822	5,631	8,052	22	33	15	-	-	-	15
1985	616,461	1,689	6,247	8,220	23	41	15	-	-	-	15
1986	506,705	1,388	6,754	5,643	15	47	15	-	-	-	15
1987	233,206	639	6,987	4,438	12	52	15	-	-	-	15
1988	546,887	1,498	7,534	3,231	9	55	15	-	-	-	15
1989	528,369	1,448	8,062	2,226	6	57	15	-	-	-	15
1990	481,455	1,319	8,544	2,077	6	59	15	5,354	15	21	
1991	311,993	855	8,856	1,002	3	60	15	338,964	929	360	
1992	373,790	1,024	9,230	2,471	7	63	15	2,512,356	6,883	2,872	
1993	397,986	1,090	9,628	2,239	6	65	15	4,455,745	12,208	7,328	
1994	425,470	1,166	10,053	1,510	4	66	15	6,015,433	16,481	13,343	
1995	440,904	1,208	10,494	1,877	5	68	15	5,838,946	15,997	19,182	
1996	367,242	1,006	10,861	4,648	13	73	15	4,990,725	13,673	24,173	
1997	338,612	928	11,200	4,897	13	78	15	4,177,686	11,446	28,350	
1998	298,375	817	11,498	5,323	15	83	15	3,268,728	8,955	31,619	
1999	266,631	730	11,765	5,834	16	89	15	3,042,401	8,335	34,662	
2000	268,242	735	12,033	4,869	13	94	15	2,672,713	7,323	37,334	
2001	275,701	755	12,309	40,582	111	134	15	2,467,782	6,761	39,802	
2002	570,315	1,563	12,879	107,979	296	242	15	2,770,359	7,590	42,572	
2003	650,157	1,781	13,529	81,210	222	324	15	2,700,274	7,398	45,273	
2004	544,857	1,493	14,074	71,622	196	395	15	2,655,560	7,276	47,928	
2005	457,764	1,254	14,532	55,585	152	451	15	2,175,195	5,959	50,104	
2006	397,879	1,090	14,930	53,001	145	504	15	2,001,826	5,484	52,105	
2007	330,783	906	15,260	25,514	70	529	15	1,638,695	4,490	53,744	
2008	304,292	834	15,565	44,607	122	574	15	1,489,641	4,081	55,234	
THRU JULY 2009	160,446	757	15,725	24,833	117	599	15	837,384	3,950	56,071	
	15,725,225			598,678				56,071,054			

