



May 31, 2006

North American Energy Standards Board
1301 Fannin, Suite 2350
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Attn: Laura B. Kennedy
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Re: **BP Energy Company**
NAESB Comments on Recommendation R05014/WGQ 2006 Annual Plan Item 6

BP would like to express our appreciation for the significant time and effort that has gone into the above noted recommendation. The following comments reflect the input from a few members of our legal, credit and tax groups, which our legal representative would be pleased to discuss further if requested.

1. Section 2.6 Definition for “Business Day(s)”

BP is concerned with the insertion of “similar holidays” (for Canada and Mexico)” because: 1) we believe only a limited number of users of this document transact with parties in Mexico, and the “similar holidays in Mexico” may be too vague to automatically become a “Business Day” under the NAESB, and 2) we are aware that there are “statutory” holidays in Canada that may not qualify as “Federal Banking Holidays.” We further question the change given the growing acceptance of using a “Canadian Addendum” to the NAESB to address uniquely Canadian amendments and suggest the same format be used for Mexico amendments. Therefore, we do not support this change but recommend that Canadian and Mexican differences from the U. S. standard be reflected in an addendum.

2. Section 2.10 Definition for “Contract Price”

BP is concerned with the suggested addition to this definition to specifically include “reimbursement to Seller for production, severance and other taxes imposed on the Gas prior to delivery at the Delivery Point.” First, this provision is already covered in the Taxes section. Secondly, by specifically addressing this inclusion and not specifically including any other taxes that are imposed prior to delivery or not specifically excluding taxes imposed on the Gas after delivery, NAESB may be creating future interpretive issues. We are particularly concerned about gross receipt types of taxes, which are being imposed by States that do not care whether they are imposed before or after the point of delivery nor do they care who pays the tax, as long as it is paid. Our preference is to leave the definition of “Contract Price” as is.

3. Section 8.4 (Reporting cross-border transactions)

BP is not certain that this provision accurately reflects the intent of the parties in a transaction that takes place at a point on the Canadian/US border. First, in cross border transactions, typically the Seller takes title to the gas outside the U. S.; however, if the sale is at a delivery point on the Canadian/U.S. border, the Seller may not always be the importer of record. This may also have

