

**From:** Hafle, Mark E  
**Sent:** Wed Apr 14 16:06:28 2010  
**To:** Beime, Michael  
**Subject:** RE: Macondo TD & Draft Sub. Op. AFE  
**Importance:** Normal

Ok.

Lots of questions below... I'll try to type simple reponses

We have been in a meeting all morning trying to finalize what SIZE / TYPE production casing will be run...

Mark

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**From:** Beirne, Michael  
**Sent:** Wednesday, April 14, 2010 9:21 AM  
**To:** Hafle, Mark E  
**Subject:** FW: Macondo TD & Draft Sub. Op. AFE  
**Importance:** High

Mark,  
We need to discuss ASAP.

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**From:** Naito, Shinjiro (MOECO) [mailto:naito\_shinjiro@moeco.co.jp]  
**Sent:** Wednesday, April 14, 2010 9:17 AM  
**To:** Beirne, Michael  
**Cc:** ishii\_naoki@moeco.co.jp  
**Subject:** RE: Macondo TD & Draft Sub. Op. AFE  
**Importance:** High

Dear Mr. Beirne,

This is Naito, Unit General Manager of MOECO, who is taking care Macondo project in the Tokyo Head Office. Please allow me to access you by email directly, not via Naoki-san due to his IT problem currently occurred.

We recieved the draft supplementary AFE amonted \$3.5MM with many thanks. Now, I have several questions as follows;

1) The CSG size

It is described in the draft that the production CSG is to be 9-7/8". However, since 9-7/8" Liner has already been set at 17,168 ft, the final CSG size should be smaller than that. I think the AFE should be revised with a proper CSG size.

2) What kind of works are to be approved? (== sorry, it looks very primitive



question!)

Regarding the description of "All casing installation intangible time and cost is covered..." in the draft, we normally think that "All casing installation" should cover intangible time and cost for "Running CSG" and its "Cementing". Sometime it may include perforations, too. However, the draft AFE add up, as the intangible cost, only for Cementing and LDS installation, but not include running csg.

Also, the description of "(as part of the temporary abandonment operations)" makes me more confused. I think that the dryhole AFE never include the production casing installation cost. So, which jobs will be covered by the dryhole AFE as part of the TPA on the setting of production csg?

Sorry my explanation is complicated, however, I need to clarify these points prior to the final AFE approval.

Meantime, I would like to clarify the following two points on this opportunity.

-- The reason for issuing the supplementary AFE;

- 1) The dryhole AFE doesn't include tangible and intangible for the setting of production casing
- 2) Therefore, we need to set up a supplementary AFE to cover items outside of the dryhole AFE as a formalities

Is it correct?

-- Just for confirmation purpose, we are not perforate the well at this time. Is the well to be perforated later, probably when the appraisal well will be drilled and confirm project economics?

If you have any question on my questions, please ask me freely.

Best Regards,  
Shinjiro Naito  
Unit General Manager, Unit 2  
MOECO

**From:** Beirne, Michael [mailto:]  
**Sent:** Tuesday, April 13, 2010 1:33 PM  
**To:** Huch, Nick; Naoki Ishii  
**Subject:** RE: Macondo TD & Draft Sub. Op. AFE

Gentlemen:

To clarify, the AFE attached to the email below is a draft version sent for informational

purposes and does not trigger an election under the JOA.

Best regards,  
Mike

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**From:** Beirne, Michael  
**Sent:** Tuesday, April 13, 2010 11:02 AM  
**To:** Huch, Nick; Naoki Ishii  
**Subject:** Macondo TD & Draft Sub. Op. AFE

Gentlemen:

Due to safety concerns and wellbore integrity issues, BP, as operator, has deemed the Macondo exploratory well as achieving Objective Depth at 18,360' MD. Having both loss zones, and comparatively over-pressured sands in the open hole provided for little to no margin to continue drilling. Currently, we are in the process of evaluating the well in accordance with the approved well plan and AFE.

It is anticipated that we will conclude the evaluation program as early as tomorrow evening at such time we will issue a subsequent operation AFE to set 9 7/8" production casing. To avoid unnecessary rig standby time awaiting an election, we are attaching a copy of the subsequent operation AFE for your review and would appreciate your feedback ASAP. Please note there may be some slight changes to the official AFE once it is issued (e.g., start date, end date, proposed TD); but the cost estimate will be the same.

Please let me know if you have any questions or concerns.

<< File: Document.pdf >>

Best regards,

**Michael J. Beirne**  
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