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From: Peijs, Jasper
Sent: Friday, January 16, 2009 11:17 AM
To: Morrison, Richard
Subject: 2009 capital question

Hi Richard,

As you are probably aware, one of the options we are investigating for the Mariannas is Macondo (AKA Epidote). As we believe this prospect will likely find HC's we are planning to drill this well as a keeper, very similar to Isabela. I request your guidance on the option set below as they have different capital implications for 2009.

Current assumptions are to do Macondo at 100% w.i..

- 1) We can add rupture discs, but cement back the open hole. No capital implication for you in 2009, but you will incur additional costs of redrilling the open hole later and have some risk around zonal isolation.
 - 2) We can run 9-7/8" production liner. Ball-park capital request would be \$8mm.
 - 3) We can run 9-7/8" production liner and tie-it back to surface. Should be about the same capital request \$8mm.
- just don't know whether we can pull this off logistically in the short time frame.

My main question: is extra capital for this in 2009 even an option or should we just plan to do option 1?

I can come upstairs to clarify if need be.

Regards,

Jasper Peijs

Exploration Manager

Eastern GOM Deepwater

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From: Sims, David C
Sent: Fri Jan 16 20:38:45 2009
To: Hafle, Mark E
Cc: Little, Ian
Subject: FW: 2009 capital question
Importance: Normal

Mark,
I've discussed the implications of this with AI and told him not to order any 10-3/4". We will either run a production liner before we leave or abandon the open hole and plan on redrilling it when we come back to complete the well. It sounds like AI has a line on a DQ wellhead from another operator. He's going to check the specs. Should have a good idea next week.
Hu Gai, completion engineer in Terry Maglicco's team, is working with Todd Rounding and the Tiger Team to get all the data needed to design burst disks and production casing. They generally do all the burst disk work in their team so shouldn't be too long getting this done.
David

From: Peijs, Jasper
Sent: Friday, January 16, 2009 1:08 PM
To: Morrison, Richard
Cc: Thorseth, Jay C; Sims, David C; Vinson, Graham (Pinky)
Subject: RE: 2009 capital question

Thanks Richard. Thought this would be the case
This will simplify our planning. Please call if your capital situation changes and we could do the right thing.
Regards,

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From: Morrison, Richard
Sent: Friday, January 16, 2009 12:07 PM
To: Peijs, Jasper
Subject: RE: 2009 capital question

Jasper,
If we find commercial quantities we should run the production liner in a setup that mitigates the long term risks for production (full tie back or liner). Today's reality with other pressures is that option (1) is all we can fund - I'm out of bullets unless I drop Holstein which I might be asked to do.

I'd have Dave propose (1) which recognizes 2009 reality, point out regrets.

Richard Morrison
BP

