

From: Schott, David W

Sent: Mon Oct 26 16:50:30 2009

To: Simpson, Brad; Bozeman, Walt; Gansert, Tanner

Cc: Ritchie, Bryan; Zamorouev, Alexander V; Donlon, Tom; Reiter, Doris; Mago, Alonso; Narayanan, Ram K.

Subject: RE: Macondo Core

Importance: Normal

Attachments: Decision_Tree_SC_Noble.ppt

Hi Brad,

Great summary, I agree with the logic, however, it might be operationally difficult to do this without a clear, agreed-upon strategy. I recommend you plan on running the bypass unless you encounter a clear set of conditions that would preclude running whole core. This set of conditions can be set up and agreed-upon by the entire drilling/project team. This means you would have people and tools on standby when cutting the pay and plans are in place before we encounter the pay zones. If you do not do this, you have basically decided not to run the bypass because of the logistical difficulties in getting the tools and people onsite along with paying the standby charges for the rig.

Attached is the decision tree we used with our partner, Noble, to make the decision to run a bypass core in the Santa Cruz well. This was suggested to us by John Farelly in our January TVP review. As I mentioned in our meeting we were basing our development decisions on 27% RF (from RSWC). With the new compressibility derived from whole core, this will push RF to 35% on a STOOIP close to 200 mmboe (16mmboe increase).

Sincerely,

David W. Schott

Senior Reservoir Engineer

Na Kika Resource Team