

**From:** Beirne, Michael  
**Sent:** Wed Apr 14 19:04:45 2010  
**To:** Naoki Ishii; 'Naito, Shinjiro (MOECO)'  
**Cc:** Wardlaw, O. Kirk  
**Subject:** RE: Macondo TD & Draft Sub. Op. AFE (Re-send)  
**Importance:** Normal

Ishii,  
As of yesterday, total gross spend at Macondo is \$136,100,000.

Let me know if you need anything further.

Best regards,  
Mike

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**From:** Naoki Ishii [mailto:naoki\_ishii@moexus.com]  
**Sent:** Wednesday, April 14, 2010 11:22 AM  
**To:** 'Naito, Shinjiro (MOECO)'; Beirne, Michael  
**Cc:** 'Naoki Ishii'; Wardlaw, O. Kirk  
**Subject:** RE: Macondo TD & Draft Sub. Op. AFE (Re-send)

Mike,

I have had a problem in my email server system since yesterday afternoon but now it has been fixed.

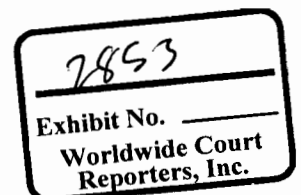
As discussed by phone yesterday, we would like to know how much the actual amount spent for the approved AFEs (\$151MM, original AFE + 2 supplemental AFEs) would be. BP's current best estimate would be OK for us. This information would be able to facilitate our internal process to approve upcoming AFE to set production casings.

In the meantime, what's BP's view on the discovery, oil or gas?

Thank you for your understanding and cooperation as always.

Regards,  
Ishii

**From:** Naito, Shinjiro (MOECO) [mailto:naito\_shinjiro@moeco.co.jp]  
**Sent:** Wednesday, April 14, 2010 9:19 AM  
**To:** Michael.Beirne@bp.com  
**Cc:** ishii\_naoki@moeco.co.jp  
**Subject:** RE: Macondo TD & Draft Sub. Op. AFE (Re-send)  
**Importance:** High



Dear Mr. Beirne,

Sorry, I forgot to attach a file.

Best Regards,  
Shinjiro Naito  
MOECO: Mitsui Oil Exploration Co., Ltd.  
Exploration & Production Division

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**From:** Naito, Shinjiro (MOECO) [mailto:naito\_shinjiro@moeco.co.jp]  
**Sent:** Wednesday, April 14, 2010 11:17 PM  
**To:** 'Michael.Beirne@bp.com'  
**Cc:** 'ishii\_naoki@moeco.co.jp'  
**Subject:** RE: Macondo TD & Draft Sub. Op. AFE  
**Importance:** High

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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 recievedthe 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 qeustion!)

Regarding the description of "All casing installation intangible time and cost is covered..." in the draft, we normaly think that "All casing installation" should covers 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, probaly when the appraisal well will be drilled and confirm project economics?

If you have any qeustion on my qeustions, please ask me freely.

Best Regards,

Shinjiro Naito

Unit General Manager, Unit 2

MOECO

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**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**

Offshore Land Negotiator

**BP Exploration & Production Inc.**

Gulf of Mexico

200 WestLake Park Blvd.

Houston, TX 77079

Direct 281-366-1634

Mobile 713-553-6060

Fax 281-366-7569

michael.beirne@bp.com

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