

**To:** Alonzo, Chris J (Houston)[Chris.Alonzo@conocophillips.com]  
**Cc:** Bergamo, E. James[E.James.Bergamo@conocophillips.com]; Vickers, Laura A[Laura.A.Vickers@conocophillips.com]  
**From:** Janise, David  
**Sent:** Tue 6/22/2010 7:27:16 PM  
**Importance:** Normal  
**Sensitivity:** None  
**Subject:** RE: GC 518#3 - SCSSV Changeout  
**Categories:** urn:content-classes:message

Chris,

You've captured my responses to the previous questions in Jim's three e-mails. However, your summaries listed numerically now include additional requests not in the previous e-mails, so my responses (in red) don't necessarily fit precisely with your revised requests. One example is in #1, where COP asks to "receive a detailed procedure 15 days in advance of any rig mobilization". Rather than modify APC's previous responses to now apply to these additional requests, I'll provide a summary response to supplement what has already been provided.

As mentioned earlier, much of what is being requested below is not customarily provided to non-operating co-owners and is not required by the UOA. However, I can appreciate that COP would like more detailed information. To the extent possible and as timing permits, APC will provide as much information pertaining to the upcoming workover as we deem to be reasonable and appropriate. As we have historically done at K2, we are again willing to provide you more than the minimum requirements for upcoming wellwork, and we welcome your input on all proposed operations. We plan to provide you with a detailed workover procedure on the GC 518#3 as soon as we feel it is ready for submission to partners; however, since it is being voluntarily provided, we will not commit to a time frame for providing it.

COP's request below for participation in a peer review or risk assessment will be taken under consideration. We will let you know if we decide to include Co-owners in this type of activity. Nonetheless, COP is welcomed at any time to submit whatever concerns you may have with upcoming wellwork. Although APC has performed rig work on more deepwater wells than almost any other operator in the GOM, we always welcome input from our non-operating co-owners.

APC remains committed to safety and environmental protection, and our proven track record in those areas demonstrate it clearly.

Since all other K2 co-owners have already approved the subject AFE, we look forward to receiving your election later this week.

ANA-MDL-000111525

ADR054-009490

TREX-230016.000001

TREX-230016

Thanks,

David

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**From:** Alonzo, Chris J (Houston) [mailto:Chris.Alonzo@conocophillips.com]  
**Sent:** Thursday, June 17, 2010 10:26 AM  
**To:** Janise, David  
**Cc:** Bergamo, E. James; Vickers, Laura A  
**Subject:** RE: GC 518#3 - SCSSV Changeout

David,

I have prepared an overview of our concerns and a summary of the questions COP has requested recently regarding the 518-3 workover per below. In red below these questions are the Anadarko responses received to date. My plan is to use this document in our approval process and wanted to give you the opportunity to review the responses provided and to make any changes, if required. Again, thank you for working with us through this approval process.

Chris Alonzo

GOM Development Supervisor

ConocoPhillips

Work: 832-486-2143

Cell: [REDACTED]

COP would like to thank Anadarko for granting us a seven day extension to make our AFE election on the GC 518-3 workover to replace the failed SCSSSV. Given recent events in the Gulf it is critical that we maintain a good understanding of any proposed deepwater well work or workover activity both from an operated and non-operated standpoint in addition to understanding the implications to any deepwater activity from new regulations that may arise from these events. Our goal is to provide our management with the background needed to gain a solid technical understanding of the workover operation proposed by Anadarko along with an assessment of how current activity in the Gulf may affect these operations. Anadarko's willingness to help provide this information as quickly as possible is appreciated and will help us gain approval for this AFE.

To meet the current deadline of June 25<sup>th</sup> COP is continuing our review of the workover plan and procedures and making efforts to ensure we have addressed our questions pertaining to Anadarko's emergency response and spill plans and capability. On June 14, 2010 we held an internal peer assist with our Upstream Technology Well

ANA-MDL-000111526

ADR054-009491

TREX-230016.000002

Engineering personnel to review the proposed workover. Based on this review our Lower 48 management has identified several key issues which require a satisfactory response from Anadarko before we are prepared to make our election to the AFE.

Some of these issues have been requested previously but are included here to provide a comprehensive list. The key issues are outlined below.

1. COP would like to review the detailed procedure and have a chance to offer comments and recommendations that could be incorporated into the procedure if appropriate. Therefore, we are requesting that we receive a detailed procedure 15 days in advance of any rig mobilization onto GC518-3 to allow us time to adequately carry out a review of the detailed procedure and provide Anadarko with our comments and recommendations.

You requested the detailed procedures for the workover despite the fact that these procedures are only in draft form. As you know, the UOA does not require the operator to provide such drafts, and it is not customary industry practice to request them. We will, however, be happy to provide COP with the procedure around the time the actual wellwork begins, which is something we have done for you in the past.

2. We are requesting that COP's Well Engineering personnel be allowed to participate in peer reviews or risk assessments that Anadarko may hold in advance of rig mobilization. This peer review or risk assessment should be held far enough in advance that observations and suggested improvements can be incorporated into the procedures. Participation in a "pre-spud" meeting right before the workover generally does not provide sufficient time to make meaningful changes to the procedures and would not satisfy our request.

A risk assessment for this workover has been conducted for the AFE'd work scope, but we do not expect to have the documentation available until after partner elections are due. The risk assessment documentation will be completed after we can clarify all new regulatory requirements for work in the GOM. Prior to the start of the workover, we will have a pre-spud meeting to review all aspects of the workover, including risks.

3. Please advise how Anadarko plans to address the issues raised by the recent and forthcoming NTL's and how will you incorporate these into the workover procedure as well as provide a revised time and cost estimate as needed.

COP should consider the current AFE and workover procedure as though no significant changes will be forthcoming. We are still awaiting full clarification on the recent NTL's and proposed regulatory changes, and it is doubtful we will know the full scope prior to your election deadline. If new requirements increase our estimated workover costs by at least \$4.5MM (gross), then by UOA stipulation, we will be required to submit a supplement to the original AFE (even if the work has not yet started). As we have also discussed, under consideration is a stimulation treatment for the well. Again, COP will get another election (with a supplement) if this cost, plus any added regulatory costs, increases the total AFE estimate by \$4.5MM. The other issue we discussed by phone was the approval process involved with a rig change. Per UOA, the workover would have to be re-AFE'd if another rig and day rate were selected.

4. In light of recent events in the Gulf of Mexico, what is Anadarko's emergency response capability and what is Anadarko's emergency response plan? Can Anadarko ensure that it has adequate emergency spill response capability if an

incident occurred during the GC518-3 workover?

Please note that safety and protection of the environment are ingrained in Anadarko's corporate culture, and we are always evaluating our processes and procedures. We remain committed to complying with the rules and regulations that govern offshore activities. We have reviewed, drilled and planned for these types of incidents.

5. Given the fact that BP has the majority of the Gulf of Mexico's emergency response equipment and personnel occupied at this time; does Anadarko believe they could still effectively respond to an event if it occurred during the GC518-3 workover while BP's response was still ongoing?

Please note that safety and protection of the environment are ingrained in Anadarko's corporate culture, and we are always evaluating our processes and procedures. We remain committed to complying with the rules and regulations that govern offshore activities. We have reviewed, drilled and planned for these types of incidents.

We understand that events are still fairly fluid as a result of the Macondo incident and the ongoing response. We also understand that Anadarko is working diligently on multiple fronts in response to these events and we appreciate your efforts in responding to COP's requests for the above information. Thank you for your consideration of these matters and we look forward to your response prior to making our AFE election.

Regards,

Chris Alonzo  
GOM Development Supervisor  
ConocoPhillips  
Work: 832-486-2143  
Cell: [REDACTED]

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**From:** Janise, David [mailto:David.Janise@anadarko.com]  
**Sent:** Wednesday, June 16, 2010 11:16 PM  
**To:** Bergamo, E. James  
**Cc:** Alonzo, Chris J (Houston); Lemons, Marc D; Williamson, Roger N.; Zhou, Leon  
**Subject:** GC 518#3 - SCSSV Changeout

Jim,

ANA-MDL-000111528

ADR054-009493

TREX-230016.000004

I will respond to each of your emails below, beginning with the most recent which was sent on Monday, June 14. In that email, you requested the detailed procedures for the workover despite the fact that these procedures are only in draft form. As you know, the UOA does not require the operator to provide such drafts, and it is not customary industry practice to request them. We will, however, be happy to provide COP with the procedure around the time the actual wellwork begins, which is something we have done for you in the past.

With respect to the questions you forwarded on Friday, June 11 (the second email attached below), please note that safety and protection of the environment are ingrained in Anadarko's corporate culture, and we are always evaluating our processes and procedures. We remain committed to complying with the rules and regulations that govern offshore activities. We have reviewed, drilled and planned for these types of incidents.

As for the additional questions forwarded on Wednesday, June 9 (the third email attached below), please see my responses in red provided next to each question.

Thanks,  
David

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**From:** Bergamo, E. James [mailto:E.James.Bergamo@conocophillips.com]  
**Sent:** Monday, June 14, 2010 9:55 AM  
**To:** Janise, David  
**Cc:** Alonzo, Chris J (Houston); Lemons, Marc D; Williamson, Roger N.; Zhou, Leon  
**Subject:** RE: GC 518#3 - SCSSV Changeout  
**Importance:** High

David,

As you are aware, we are conducting a detailed internal review of the GC518-3 workover since it will be necessary for us to review this with our executive management before we make our election.

In addition to our previous requests for information (risk assessments, WWOP results, APC's emergency response readiness) we are now asking if Anadarko could please send us the detailed workover procedure. We understand that the procedures are probably only in DRAFT form given the probability of additional NTL's and that we do not have an approved permit from the MMS to workover the well. At this point we will accept the current status of the procedures knowing that they are not the FINAL version.

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ADR054-009494

TREX-230016.000005

Please do not hesitate to contact Chris Alonzo if you have any questions.

Thank you.

Jim

**E. James Bergamo, P.E**

Staff Reservoir Engineer

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**From:** Bergamo, E. James

**Sent:** Friday, June 11, 2010 5:07 PM

**To:** 'Janise, David'

**Cc:** Alonzo, Chris J (Houston); Lemons, Marc D

**Subject:** RE: GC 518#3 - SCSSV Changeout

David,

Several questions were asked during one of our internal reviews of the GC518-3 workover. It is requested that Anadarko please respond to the following questions.

6. In light of recent events in the Gulf of Mexico, has Anadarko reviewed their emergency response capability?
7. Given the fact that BP has the majority of the Gulf of Mexico's emergency response equipment and personnel occupied at this time, does Anadarko believe they could still effectively respond to an event if it occurred during the GC518-3 workover while BP's response was still ongoing?
8. Can you ensure that Anadarko has adequate emergency spill response capability if an incident occurred during the GC518-3 workover?

We are continuing with our review and look forward to Anadarko's response to these questions in a timely

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ADR054-009495

TREX-230016.000006

manner.

Thank you.

Jim

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**From:** Bergamo, E. James

**Sent:** Wednesday, June 09, 2010 9:53 AM

**To:** 'Janise, David'

**Cc:** Alonzo, Chris J (Houston); Lemons, Marc D; Williamson, Roger N.; Zhou, Leon

**Subject:** RE: GC 518#3 - SCSSV Changeout

David,

We are still in the process of evaluating the GC518-3 workover. In light of the events in the Gulf of Mexico and some of the new requirements coming from the US government, any exposure we (COP) have to wellwork in the GOM has captured the attention of our TOP management. Consequently, we want to ensure we can provide them with the most current information available on the workover. As a result, it would be appreciated if you could please provide the following:

1. The program you provided in the AFE was essentially the same program that was presented back in January 2010 which was long before the DW Horizon incident. Has Anadarko generated any changes to the existing workover program subsequent to the DW Horizon incident? For example will there be greater frequency of BOP testing once the stack is in the water? Will the BOP stack be re-certified after APC picks the rig back up from Eni? Other changes to the program as a result of the DW Horizon incident?

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ADR054-009496

TREX-230016.000007

We would prefer to know these changes and the impact on the timing and costs in advance of providing APC with our election. COP should consider the current AFE and workover procedure as though no significant changes will be forthcoming. We are still awaiting full clarification on the recent NTL's and proposed regulatory changes, and it is doubtful we will know the full scope prior to your election deadline. If new requirements increase our estimated workover costs by at least \$4.5MM (gross), then by UOA stipulation, we will be required to submit a supplement to the original AFE (even if the work has not yet started). As we have also discussed, under consideration is a stimulation treatment for the well. Again, COP will get another election (with a supplement) if this cost, plus any added regulatory costs, increases the total AFE estimate by \$4.5MM. The other issue we discussed by phone was the approval process involved with a rig change. Per UOA, the workover would have to be re-AFE'd if another rig and day rate were selected.

2. Could Anadarko share with us any risk assessment conducted on this workover? A risk assessment for this workover has been conducted for the AFE'd work scope, but we do not expect to have the documentation available until after partner elections are due. The risk assessment documentation will be completed after we can clarify all new regulatory requirements for work in the GOM. Prior to the start of the workover, we will have a pre-spud meeting to review all aspects of the workover, including risks.

3. Has APC conducted a "WWOP" (Workover Well on Paper) and if so, could you share the results of that exercise? If not, do you plan to conduct an exercise of this type and if so, could we participate? See response to #2 above.

4. Expected timing of when this wellwork will take place? Our most recent understanding is the workover will commence approximately August 1. Has there been any change to the timing? Our latest schedule still shows the workover starting around August 1. However, there is always uncertainty with any rig schedule.

I appreciate your patience with our requests for additional information.

Thank you.

Jim

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ADR054-009497

TREX-230016.000008



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