



July 10, 2001

BP Exploration (Alaska) Inc.  
900 East Benson Boulevard  
P.O. Box 196612  
Anchorage, Alaska 99519-6612  
(907) 561-5111

Mr. Jeff Walker,  
Regional Supervisor – Field Operations  
U.S. Minerals Management Service  
949 East 36<sup>th</sup> Avenue, room 308  
Anchorage, AK, 99508-4302



Dear Mr. Walker:

**RE: Request for 5-Year Suspension of Production (SOP) OCS Y-1585**

BP Exploration (Alaska) Inc. (BP), on behalf of itself and Atofina Petrochemical Inc. (Fina) as the Working Interest Owners of OCS Y-1585 requests that the Regional Supervisor, Field Operations, grant an SOP for the aforementioned lease. The basis for this request, discussed in more detail below, is the conservation of potential moveable hydrocarbons underlying OCS Y-1585 that can be evaluated from the Liberty Development Island.

**PAST**

The above referenced lease block OCS Y-1585 was first acquired in the OCS BF Lease Sale on 12-11-79 (OCS-Y-0195 and eastern half of OCS-Y-0197). In 1982 Shell Oil Company (Shell) built a gravel island (Tern Island). Shell drilled three exploration wells, the Tern Is. #1, #2 and #3, from Tern Island. Both the Tern #2 and #3 wells were drilled to a bottomhole location on OCS Y-1585. The Tern Is. #2 well spud on 10/16/82 and was completed on 3/5/83. The well tested the Kekituk reservoir in paying quantities, however was considered non-commercial due to poor reservoir quality. The Tern Is. #3 well spud on 2/10/87 and was completed with a paying well determination, based on well log data, made on 11/4/87.

Shell relinquished the Tern leases prior to the expiration of their primary terms in 1990. Lease OCS Y-1585 was reacquired by Fina and Conoco in Beaufort Lease Sale OCS 124 on 6/26/91. Fina acquired all of Conoco's interest and subsequently assigned a 70% working interest to BP.

**PRESENT**

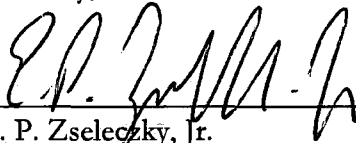
BP conducted a 3D seismic survey in 1995. The, one hundred-thirty (130) square mile, NW Badami Survey joined the existing Badami and Endicott Surveys to give continuous 3D seismic coverage across the area, including OCS Y-1650. BP acquired the Liberty block (OCS Y-1650) in Federal Lease Sale OCS #144 on 9/17/96. The Liberty #1 well was spud on 2/7/97 and was plugged and abandoned on 4/6/97 after testing commercial viable quantities of hydrocarbons.

Following the delay in the Environmental Impact Statement process for Liberty, the project development has been delayed, with first oil expected at the end of 2004. For this reason, it will not be possible to appraise lease OCS-Y 1585 as early as first envisioned. A five-year SOP is being requested for lease OCS-Y 1585 to allow for the delayed commissioning of Liberty.

#### SUMMARY

BP and Fina request a Suspension of production for lease OCS-Y 1585 to be granted for a period of 5 years to allow the development and commissioning of the Liberty Project, which will then allow further appraisal of the potential in lease OCS-Y 1585. In the interim period, further work will be conducted on the existing data that BP has acquired.

Sincerely,

A handwritten signature in black ink, appearing to read "E.P. Zselezky, Jr.", written over a horizontal line.

E. P. Zselezky, Jr.  
Land Manager - Alaska  
BP Exploration (Alaska) Inc.



# United States Department of the Interior

MINERALS MANAGEMENT SERVICE  
Alaska Outer Continental Shelf Region  
949 East 36<sup>th</sup> Avenue, Suite 300  
Anchorage, Alaska 99508-4363

19 JUL 2001

E. P. Zselezky, Jr.  
Land Manager – Alaska  
BP Exploration (Alaska) Inc.  
P.O. Box 196612  
Anchorage, Alaska 99519-6612

Re: Letter of July 10, 2001 Requesting Suspension of Production for Lease OCS-Y 1585

Dear Mr. Zselezky:

Your July 10, 2001, letter requested a 5-year suspension of production (SOP) for lease OCS-Y 1585 to allow development and commissioning of the Liberty Project and which will then allow further appraisal of OCS Y-1585. I hereby approve your request under the criteria prescribed by 30 CFR 250.174(a) effective July 31, 2001, through November 30, 2004. I concur with your findings that further appraisal is necessary to determine if movable hydrocarbons are present on OCS-Y 1585, and that development of any extension of the Liberty reservoir into lease OCS-Y 1585 would be accomplished using the proposed Liberty development facilities. I have concluded that a SOP is in the National interest to conserve resources and optimize oil production from the Liberty reservoir.

This SOP will provide the opportunity to drill and test up to three water injector wells into lease OCS-Y 1650, as currently proposed in the Liberty development and production plan, for movable hydrocarbons along the eastern flank of the Liberty reservoir and adjacent to OCS-Y 1585. A well test report, as per 30 CFR 250.416, must be submitted for each of the three water injector wells within 30 days following the well test. The reports must evaluate the potential for moveable hydrocarbons extending to OCS-Y 1585.

Under the current proposed development schedule, the third and last water injector well will be drilled in May 2004. This SOP is being granted until November 30, 2004. This will provide approximately six months following drilling of the last water injector well to test the well and make a determination if there are moveable hydrocarbons that warrant expanded development of OCS-Y 1585.

In the event moveable hydrocarbons are proven and can be demonstrated to extend into OCS-Y 1585, BPXA must revise the Liberty DPP as appropriate to describe the manner and timing to develop OCS-Y 1585. A revised DPP must be submitted and approved in accordance with 30 CFR 250.204(q) prior to conducting any development activity into OCS-Y 1585. It may also be appropriate to consider unitization of the two leases.

This SOP is not granted on the basis of, or for the purpose of, appraisal of other prospects (other than the Liberty reservoir). While the DPP envisions additional appraisal drilling programs for other prospects, no specific prospects have been identified and the MMS cannot evaluate the merits or appropriateness of a suspension absent specific plans and commitments for drilling and testing programs.

This SOP is based on the current proposed Liberty development schedule. I am aware that many factors may affect the final Liberty development schedule. Should there be changes in the Liberty development that affect the schedule for drilling and testing the proposed water injector wells, BPXA should seek to modify the SOP accordingly.

If you have any questions, please contact Mr. Doug Choromanski at (907) 271-6448

Sincerely,



Jeff Walker  
Regional Supervisor  
Field Operations

cc: Mr. John L. Davis  
Atofina Petrochemical Inc.  
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800 Gessner St., Suite 700  
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