



United States Department of the Interior

J.R. Chapman 5 April 2002
4-5-02



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

APR 05 2002

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

Re: Lease OCS-Y 1585 Suspension of Production

Dear Mr. Skillern;

The Minerals Management Service (MMS) is requesting BP Exploration of (Alaska) Inc. (BPXA) to submit a new request for a Suspension of Production (SOP) for lease OCS-Y 1585. The MMS granted a SOP for Lease OCS-Y 1585 on July 31, 2001. The SOP was based on commitments to delineate moveable hydrocarbons under the lease following drilling and testing development wells as described in the proposed Liberty Development and Production Plan (DPP). The SOP was granted through November 30, 2004, based on the development schedule in the proposed Liberty DPP.

By letter dated March 5, 2002, Mr. George R. Snodgrass advised the MMS and other agencies that BPXA is re-evaluating the Liberty project and will advise the agencies as soon as project changes are finalized. Mr. Snodgrass requested that permits and applications be considered incomplete and recommended that processing applications be suspended. The MMS concludes that the basis and timing for the original SOP can not be supported in the absence of a definitive development schedule and that a new request for a SOP must be submitted.

I am requesting BPXA to submit a new SOP request by May 15, 2002. The request should identify specific milestones and timeframes that BPXA will take, and which will lead to development of lease OCS-Y 1585. This should include commitments to submit a new or revised DPP.

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

Sincerely,

Jeff Walker
Regional Supervisor
Field Operations



[Handwritten Signature] 5/24/2002
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Alaska Outer Continental Shelf Region
949 East 36th Avenue, Suite 300
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24 MAY 2002

Fernando Guitart
Liberty Project Manager
BP Exploration (Alaska) Inc.
P.O. Box 196612
Anchorage, AK 99519-6612

Dear Mr. Guitart

Your request of May 14, 2002, for a Suspension of Production (SOP) OCS Y-1585 is approved. The SOP is effective through June 28, 2003. This SOP replaces the current SOP that was approved by the Minerals Management Services (MMS) on July 19, 2001.

During the period of this SOP, BP Exploration (Alaska), Inc. (BPXA) plans to conduct preliminary activities as necessary to develop a comprehensive DPP (30 CFR 250.201), continue contract negotiations (30 CFR 250.174) and submit a new or revised DPP (30 CFR 250.177). BPXA will provide this office with quarterly progress reviews, including a written report, which summarize work efforts and future project milestones.

The MMS concludes that granting this SOP is in the national interest and that your request for the SOP is based on a reasonable schedule of work and a commitment to production (30 CFR 250.171). This will allow you the opportunity to submit a new or revised DPP for the Liberty Project to include the evaluation and development of the hydrocarbons underlying lease OCS Y-1585.



2 Fernando Guitart
Liberty Project Manager

We accept your offer for a near term meeting to review the development scenarios being considered by BPXA. You have indicated a willingness to provide a technical presentation on these scenarios as soon as practical. Please coordinate the arrangements for this meeting with Douglas Choromanski at 271-6448.

Sincerely



Jeff Walker
Regional Supervisor
Field Operations

cc: Minerals Revenue Management
R. L. Skilern, BPXA