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Anchorage, Alaska

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REGIONAL SUPERVISOR
FIELD OPERATION
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June 29, 2006

Mr. William D. Van Dyke, Acting Director
Division of Oil & Gas
State of Alaska, Dept. of Natural Resources
550 West 7th Avenue, Suite 800
Anchorage, AK 99501

Mr. Jeff Walker
US Dept of the Interior
Minerals Management Service
Office of Field Operations
3801 Centerpoint Drive, Suite 500
Anchorage, AK 99503

RE: Northstar Unit Sixth Plan of Development

Gentlemen:

BP as Operator and on behalf of the Working Interest Owners of the Northstar Unit hereby submits the enclosed Sixth Plan of Development for Northstar Unit. As part of the current Further Development within Unit planned in the 6th POD for the Northstar Unit, the Northstar Unit is evaluating the potential to drill additional development wells within the Northstar Participating Area and one well outside of the Northstar Participating Area. If these wells are drilled, the geologic and production data would be incorporated into "Final Redetermination of the Northstar Participating Area" for which an extension of the October 31, 2006 date for redetermination will be requested. Should you have any questions, please contact John Garing at (907) 564-5167.

Sincerely,

R. L. Skillern

cc: Northstar File
John Garing

NORTHSTAR UNIT
SIXTH PLAN OF DEVELOPMENT
(October 1, 2006 – September 30, 2008)

BP Exploration (Alaska) Inc. (“BP”), Unit Operator of the Northstar Unit, submits this Sixth Plan of Development (“POD”) on behalf of BP and Murphy Exploration (Alaska), Inc., the Northstar Unit Working Interest Owners.

This Sixth POD is submitted to the Commissioner of the Department of Natural Resources, State of Alaska (“DNR”) and the Regional Supervisor, U.S. Minerals Management Service (“MMS”) in accordance with Article 8 of the Northstar Unit Agreement and 11 AAC 83.343. It describes proposed development and operations activities based on data reasonably available at the time of submission.

Overview

The Fifth POD covered a period of sustained production from the Northstar Reservoir in the Northstar Participating Area from October 1, 2004 through September 30, 2006. This Sixth POD will supersede the Fifth POD when approved by the Regional Supervisor and DNR.

Status of Activities Under the Fifth POD

Well Operations and Reservoir Development

Since Sept 30, 2004, Operator completed 4 additional production wells and sidetracked 1 existing producer to a new location and performed tubing replacement on 1 gas injector, 1 producer and 1 waste disposal well to arrive at the current well count of 19 producers, 6 injectors and 2 waste disposal wells. Operator has 1 production well suspended at surface casing point, due to seasonal drilling restrictions. Drilling activity was completed in May 2006.

As of May 31, 2006 production was approximately 60,000 barrels of oil per day with the limit being facility capacity. Production from October 1, 2004 to May 31, 2006 averaged 61.2 thousand barrels of oil per day with cumulative production of 37.2 million barrels of oil during the period.

Facilities

The facilities were commissioned in October 2001 when first oil was produced. Facility operations from October 1, 2004 through May 2006 focused on improving operational reliability, maximum throughput capacity and maintenance.

Operations Logistics

Northstar logistics from 2004-2006 were, as expected, complex. To support facility and drilling needs, Operator utilized multiple modes of transport depending on the season. These included an ice road during winter, barge, hovercraft and helicopter transport during summer, and helicopter and hovercraft transport during broken ice.

Production was transported from Seal Island to TAPS Pump Station 1 via the Northstar Oil Pipeline, a common carrier pipeline.

Injection of Outside Substances

A 16.3 mile long gas pipeline delivers dry gas from the Central Compressor Plant in the Prudhoe Bay Unit to Seal Island in the Northstar Unit. This outside gas is used for fuel, and is mixed with produced gas and injected into the Northstar Reservoir to enhance oil recovery. From October 1, 2004 to May 31, 2006 approximately 40.2 BCF of outside gas was injected into the reservoir.

Further Development within Unit

During the Fifth POD, Operator continued to appraise other acreage and formations within the Northstar Unit, integrating information from the 2004-2006 development wells. Operator is currently evaluating the potential to drill additional development wells in the Northstar Participating Area and completing one well outside the existing Northstar Participating Area during the Sixth POD period.

Sixth Plan of Development

The Sixth POD covers the period from approval by the DNR and MMS through September 30, 2008.

Well Operations and Reservoir Development

Production is currently approximately 60,000 barrels of oil per day with the limit being facility capacity. Injection of outside gas will continue for maintenance of reservoir pressure and the Northstar EOR project. Operator will continue to refine the Ivishak reservoir model utilizing production data. Operator shall share information on the updated model with the MMS and DNR prior to submittal of final Unit Tract Participation factors. The Operator will continue to monitor reservoir performance that could lead to additional drilling opportunities. The Operator is currently evaluating the technical feasibility and economic viability of drilling new wells, or sidetracking existing wells, in the Northstar Reservoir to maximize economic recovery.

Facilities

Production from the Northstar Reservoir will continue to use the Northstar Facilities, consisting of: the island; pipelines, manifold and flow lines; hydrocarbon liquids production and separation facilities; well testing facilities; water treatment, filtration and injection facilities; gas reinjection and compression facilities; central power plant; and operations and support facilities, including pipelines, roads, base camp and standby crew quarters. Maintenance of these facilities will continue.

Operations Logistics

To support facility and wellwork needs, Operator will continue to utilize multiple modes of transport depending on the season. These may include an ice road during winter, barge, hovercraft and helicopter transport during summer, and helicopter and hovercraft transport during broken ice.

Production will be transported from Seal Island to TAPS Pump Station 1 via the Northstar Oil Pipeline, a common carrier pipeline.

Injection of Outside Substances

A 16.3 mile long gas pipeline delivers dry gas from the Central Compressor Plant in the Prudhoe Bay Unit to Seal Island in the Northstar Unit. This outside gas is used for fuel, and is mixed with produced gas and injected into the Northstar Reservoir to enhance oil recovery. Operator anticipates continuing to use imported gas from Prudhoe Bay to provide fuel and enhance reservoir recovery during the Sixth POD.

Further Development and Appraisal within Unit

During the Sixth POD, Operator will continue to appraise other acreage and formations within the Northstar Unit, integrating information from the 2004-2006 development wells as described in Confidential Attachment 1.

Operator will apply for appropriate approvals for such appraisal and possible development.

Attachments: Attachment 1 (Confidential)