



John C. Mingé

President

BP Exploration (Alaska) Inc.  
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November 20, 2012

Bureau of Safety and Environmental Enforcement  
3801 Centerpoint Drive, Suite 500  
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Regional Director, Alaska OCS  
Bureau of Safety and Environmental Enforcement  
Anchorage, Alaska

Attn: Mr. Mark Fesmire,  
Alaska OCS Region Director

**Re: Request for a Suspension of Production (SOP) &  
Revised Plan of Operations,  
Leases OCSY-1585 & OCSY-1650,  
Liberty Unit,  
Offshore Alaska, Beaufort Sea**

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Dear Mr. Fesmire:

Pursuant to 30 CFR 250.171, BP Exploration (Alaska) Inc. ("BP"), the operator and 100% working interest owner of Liberty Unit, submits this request for a Suspension of Production ("SOP") along with a revised Plan of Operations for Leases OCSY-1585 and OCSY-1650 for the consideration of the Bureau of Safety and Environmental Enforcement ("BSEE"). Thank you in advance for your time and consideration of this request.

The requested SOP is justified and in the U.S. National interest. The Outer Continental Shelf Lands Act provides for expeditious and orderly development, subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs. Therefore, pursuant to 43 U.S.C. §1332(3), 30 CFR 250.174(a) and 30 CFR 256.73(c), BP requests that the BSEE grant a 5-year SOP for Leases OCSY-1585 and OCSY-1650. This will allow BP sufficient time to properly develop the leases in a safe and environmentally sound manner. BP has the knowledge and experience gained from our extensive work on this project and has safely developed and produced similar leases in Alaska.

After BP's acquisition of the two leases in the Liberty Unit, the Liberty #1 discovery well was drilled and determined to be producible pursuant to 30 CFR 550.115. We estimate that the Liberty Unit contains approximately 150 million barrels of recoverable, high-quality light oil.

The safe, prompt and efficient development of the Liberty Unit by BP is clearly in the U.S. National interest. BP's long history of diligent and relentless efforts



to seek the most environmentally responsible approach to development of the Liberty Unit has resulted in a wealth of knowledge and information specific to these leases (and specific to BP). A short summary of this experience follows.

After studying a number of alternative development options during an initial lease extension, BP secured a second extension by proposing to develop the field by means of an onshore development using leading edge, ultra-extended reach drilling (“uERD”) technology and to date has spent in excess of \$1B toward the development of the Liberty Unit. Pursuant the U.S. National interest and BP’s safety and operational standards, BP no longer sees this development concept as the safest or most environmentally responsible course of development. In addition, BP estimates non-uERD development concepts could increase recovery from these leases by as much 15% over a uERD development concept maximizing the value of this resource for the nation. The time necessary to continue developing a reasonable schedule of work in support of a commencement of production and maximum recovery of the resource is justification for the BSEE’s grant of this request for a SOP.

BP has successfully executed similar development programs in Alaska and has over 40 years of experience developing oil and gas resources in the Alaskan Arctic. In fact, BP is the only company to have constructed and operated stand-alone drilling and production processing islands on Alaska’s North Slope. In support of those successful and producing leases, BP has overcome major technical and commercial hurdles not unlike the current challenges confronting the development of Liberty. Despite these challenges, BP remains undeterred and committed to developing the Liberty Unit.

This experience means a much quicker, more efficient, safer and more environmentally responsible march to production than any other alternative. At a minimum, BP can develop the Liberty Unit at least 5 years sooner than any other party. Simply put, the U.S. National interest is best served by BP’s continued efforts in this regard due to our comparative advantage.

In addition, the continued decline in production from the existing fields in Alaska has led to reduced flow in the Trans-Alaska Pipeline System (“TAPS”). That steady decline may jeopardize the long-term operation of this strategically significant asset due to issues concerning low-flow dynamics in an Arctic environment. The U.S. National interest as well as the continued viability of the State of Alaska depends on continued operation of TAPS. Domestic energy security would be greatly harmed by stranding or further delaying the



still-considerable oil reserves remaining in Alaska’s North Slope fields. This should be noted when considering the U.S. National interest in this context.

BP is committed to production from the Liberty Unit. To demonstrate BP’s commitment, the following Plan of Operations is submitted for your consideration. As mentioned above, the Liberty Unit presents certain unique challenges and time commitments that must be considered in setting forth a reasonable schedule of work and sound activity schedule with measurable milestones. The uncertainty associated with regulatory permitting and environmental requirements are considerations in that regard. The nature of these studies presents unknowns regarding the timing of “first production” especially given the impossibility of predicting the timing of the regulatory review process and the potential impact of these results on BP’s ability to proceed.

In this context, BP proposes the following Plan of Operations:

Liberty Project SOP Milestones

<u>Date</u>	<u>Milestone</u>
January 2013	Initiate conceptual engineering studies with engineering contractors  Begin consultation with the North Slope Borough and Alaska Eskimo Whaling Commission
September 2013	Award contract to Environmental, Regulatory and Land Services contractor(s)  Update BSEE regarding conceptual studies for the Liberty Development
March 2014	Complete engineering studies for concept selection of the Liberty Development  Update BSEE on concept selection for the Liberty Development
October 2014	Commence front-end engineering design work (FEED)



June 2015	Issue Development Plan of Production
	Update BSEE on FEED studies for the Liberty Development
December 2016	<i>Receipt of the Record of Decision (RoD) – This date is assumed for planning purposes, the actual date is dependent on others. All dates below assume receipt of the RoD at this time and the suitable resolution of any associated stipulations.</i>
January 2017	Evaluate stipulations, terms and conditions of RoD and advise BOEM/BSEE of path forward including continued SOP for design/construction phase of project.
February 2017	Submit SOP and upon approval commence detailed engineering and execution planning
July 2018	Award contract for long lead equipment and module fabrication
January 2019	Detailed design complete, fabrication and North Slope construction underway
December 2020	Commence production

The milestones shown above are individual commitments by BP. Should BP miss a milestone, the BSEE has the option of terminating the leases. Collectively, these milestones demonstrate BP's commitment to production on the Liberty Unit.

In addition, BP is interested in the potential of the continued development of the Liberty Unit in reference to the BSEE's Technology Assessment and Research Program ("TA&R"). BP's continual quest to apply the Best Available and Safest Technologies ("BAST") as required through the 1978 OCSLA amendments and Energy Policy Act of 2005 may make its Liberty Unit development a potential candidate for cooperation with the BSEE and its



TA&R. In any event, BP is willing to consider how we can cooperate in this effort.

It is in the U.S. National interest that the Liberty Unit continue to be developed and, ultimately to produce. By accepting BP's commitment as demonstrated herein, and granting BP's request for a 5-year SOP, the BSEE will be acting in the U.S. National interest by supporting the most efficient and expeditious option available for the development of the Liberty Unit. BP's annual lease payments would continue and upon success of BP's plan of operations, this decision would result in first production from the Liberty field occurring five years sooner than if the leases were allowed to expire.

Pursuant to 30 CFR 250.125 a BSEE service fee in the amount of \$1,968 is enclosed herein.

Should you have any questions or require additional information, please contact R. L. Skillern at (907) 564-5567.

Sincerely,

John Mingé  
Regional President  
BP Exploration (Alaska) Inc.