



United States Department of the Interior



MINERALS MANAGEMENT SERVICE
Alaska Outer Continental Shelf Region
3801 Centerpoint Drive, Suite 500
Anchorage, Alaska 99503-5823

April 3 2008

Daryl Luoma, Liberty Development Manager
BP Exploration (Alaska) Inc.
P.O. Box 196612
Anchorage, Alaska 99519-6612

Dear Mr. Luoma:

The Minerals Management Service (MMS) hereby approves BP Exploration (Alaska) Inc.'s (BPXA) Liberty Development and Production Plan (DPP), submitted on April 25, 2007, as modified on November 2, 2007, subject to the conditions outlined below. The MMS approval for the DPP is for drilling and producing up to six development wells from a planned expansion of the existing Endicott Satellite Drilling Island (SDI) to bottom-hole locations under OCS lease 01650. In accordance with 30 CFR 250.280, BPXA must conduct all lease activities in accordance with the approved DPP. Any changes to the Liberty development drilling and production activities must be submitted as a revision or supplement to the DPP in accordance with 30 CFR 250.283. The MMS approval of the DPP does not approve or otherwise authorize other aspects of the Liberty development project, such as SDI expansion, Liberty mine site, or Sagavanirktok River Bridge upgrade that are under the jurisdiction of other Federal, State, or local authorities.

Prior to commencement of any development drilling operations, BPXA must comply with the following conditions:

1. No development drilling activity may be conducted without approval from this office of an Application for Permit to Drill pursuant to 30 CFR 250.281(a)(1). The MMS understands that the State of Alaska will also exercise permitting authority for the Liberty wells because the surface locations are on State lands.
2. BPXA must provide this office with documentation of compliance with the State of Alaska Office of Project Management and Permitting, Coastal Management Program *final consistency determination* alternative measure: "BPXA agrees to cooperate with the North Slope Borough (NSB) Wildlife Department to design and conduct at least three years of monitoring programs both at the island and at the bridge". The MMS requests that BPXA provide this office with copies of final monitoring plans and any reports resulting from the monitoring programs.

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3. BPXA must provide to this office documentation that Liberty development drilling and production operations are covered by an existing or renewed Letter of Authorization (LOA) from the U.S. Fish & Wildlife's (FWS) for polar bear.
4. BPXA must provide to this office for approval a copy of the final environmental training program(s) that is developed for the Liberty project to comply with OCS Lease Sale 144 Lease Stipulation 2.
5. BPXA must provide documentation to this office that Liberty development drilling and production operations are covered by a valid permit from the State Department of Environmental Conservation for applicable air emissions.
6. BPXA must amend the existing Endicott and Badami Oil Discharge Prevention Contingency Plan (ODPCP) to incorporate potential spills from the Liberty development project. This office must approve the ODPCP pursuant to 30 CFR 254.53. The ODPCP must include or reference the updated Alaska Clean Seas (ACS) Technical Manual Atlas that identifies polar bear aggregation areas at Barter Island, Flaxman Island, Cross Island and Barrow as priority protection sites.
7. BPXA must submit documentation to this office that BPXA has coverage for Oil Spill Financial Responsibility. The Liberty SDI facility would be classified as a covered offshore facility under 30 CFR 253 and will be subject to demonstration of oil-spill financial responsibility. BPXA should contact the MMS, Oil Spill Financial Responsibility Program Office (30 CFR 253.45) regarding submission of oil-spill financial responsibility evidence.

BPXA must provide documentation to this office that BPXA has developed and implemented a system of strobe warning lights for the Endicott SDI in accordance with the reasonable and prudent alternatives from the FWS Final Biological Opinion (BO) for the project. A copy of a final lighting plan must be approved by this office, in coordination with FWS prior to the start of 2009 SDI expansion activities. BPXA must also transmit to this office notification of avian mortalities and collisions (including vehicle collisions) within seven days of discovery in accordance with the BO. A copy of the FWS BO is enclosed for your reference.

As provided for in the FWS BO, BPXA must provide this office with an annual report before December 31 of each year summarizing the results of monitoring for the presence and removal of raven nesting materials. BPXA must also provide this office with an annual report before December 31 of each year summarizing the results of monitoring of the flood protection berm and organic overburden at the material site that could provide den sites for foxes. The MMS will distribute these reports to FWS.

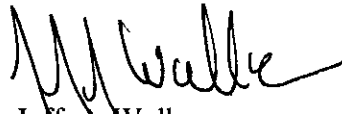
As provided for in the DPP, BPXA must provide documentation to this office that BPXA has coordinated sea lift activities with the NSB, Alaska Eskimo Whaling Commission and Barrow and Nuiqsut Whaler's Associations through a Conflict Avoidance Agreement or other communications mechanism should the planned 2012 sealift associated with the Endicott Seawater Treatment Plant extend into September.

BPXA may not commence production from the Liberty prospect until this office has approved a final meter application (30 CFR 250.1202) and surface commingling agreement (30 CFR 250.1204). BPXA has formed technical and management teams to identify and address different regulatory requirements. This office will continue to participate on these teams.

This office periodically will review activities being conducted under this DPP. If the review indicates that the plan should be revised, this office may require revisions, pursuant to 30 CFR 250.284.

References to this office for future submissions and approvals mean the Regional Supervisor, Field Operations, Minerals Management Service, Alaska Region, at the address on the letterhead. If you have any questions regarding this approval, please contact this office at (907) 334-5303.

Sincerely,

A handwritten signature in black ink, appearing to read "J Walker", written in a cursive style.

Jeffrey Walker
Regional Supervisor
Field Operations

Enclosure

cc: The Honorable Edward Itta, NSB
Andy Mack, NSB
Harry Brower, AEW
Arnold Brower, Jr., ICAS
Thomas Olemaun, NVB
Thomas Napageak, NVN
Isaac Akootchook, NVK
Don Perrin, DNR
Mike Holly, COE
Cash Fey, BPXA