

From: Deepwater Horizon, Formen [DeepwaF@bp.com]
Sent: Monday, January 10, 2005 12:56 PM
To: driller@dwh.rig.deepwater.com; oim@dwh.rig.deepwater.com;
safety@dwh.rig.deepwater.com; subsea@dwh.rig.deepwater.com;
toolpusher@dwh.rig.deepwater.com
Subject: FW: Test Rams MOC tasks .doc
Attachments: Test Rams MOC tasks .doc; TFN Test Ram Conversion.doc; BOP Test Ram.doc; Horizon
Test Ram (Rev 9-28-04).ZIP

FYI

-----Original Message-----

From: Coltrin, George
Sent: Tuesday, December 21, 2004 9:20 AM
To: Deepwater Horizon, Formen; Spizale, James J; Reed, James T; Boudreaux, Darrell J; Sepulvado, Ronald W
Cc: jkeeton@houston.deepwater.com; Ward, Martin D; Skelton, Jake; Zanghi, Mike; Donohue, Steve; Reed, Jimmy M; Halvorson, Kathleen

Subject: FW: Test Rams MOC tasks .doc

Teddy/Ronnie/Darrell/Jim:

John Keeton and I have closed out all outstanding issues associated with changes introduced by installation of test rams in BOPs. Ultimately, the OIM and Sr Toolpusher are charged with ensuring that the proper procedures are in place and are followed.

We are going to save a lot of time and money by utilizing the test rams.

George.

-----Original Message-----

From: Coltrin, George
Sent: Tuesday, December 14, 2004 11:16 AM
To: 'John Keeton (jkeeton@houston.deepwater.com)'; Spruiell, Charles; 'Donohue, Steve'
Cc: Skelton, Jake; Ward, Martin D; Reed, Jimmy M; Woelfel, Steve; Halvorson, Kathleen; Zanghi, Mike
Subject: Test Rams MOC tasks .doc

<<Test Rams MOC tasks .doc>>

John / Jeff:

Here is a table outlining some tasks associated with the test rams that I felt were not fully addressed by the draft MOC that I have reviewed.

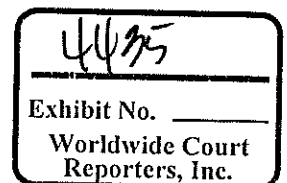
Key points are:

- o Identify who is **responsible** for each item (i.e. "the buck stops here").
 - Also identify resources that the responsible person can call on for support.
- o **BP risk assessment** has been documented and supports change to test rams (attachment to MOC).

<<TFN Test Ram Conversion.doc>> <<BOP Test Ram.doc>>

- o Contract issues between BP and TOI have been addressed by amendment letter to contract

<<Horizon Test Ram (Rev 9-28-04).ZIP>>



- o **Update** all written **procedures** as required by changes to equipment.

Ya'll are doing a good job pushing this forward. The most substantitive thing here is that we have common expectionations on who is responsible for each item.

We'll talk soon.

George Coltrin

BP Drilling Superintendent
Deepwater Exploration
WL1 Rm 8.113c. x6691
cell 281-460-9801

CONFIDENTIAL



TRANSOCEAN HOLDINGS, INC.
1311 BROADFIELD, SUITE 400
HOUSTON, TX 77084

CHRISTOPHER S. YOUNG
SR. MARKETING REPRESENTATIVE

October 11, 2004

BP America Production Company
200 Westlake Park Blvd.
Houston, TX 77079

Attn: Mr. Randy Rhoads
Mail Code 1089 WL4

Re: Drilling Contract No. 980249 dated December 9, 1998 (as previously amended, "Contract") by and between R&B Falcon Drilling Company, predecessor in interest to Transocean Holdings Inc. ("Contractor") and Vastar Resources, Inc., predecessor in interest to BP America Production Company ("Company"), as amended for RBS-8D (now known as the "Deepwater Horizon")

Subject: Letter Agreement for Conversion of VBR to a Test Ram
CONTRACTOR-5121-2002-011

Dear Randy,

When executed by both parties below, this letter will document the agreement between Contractor and Company for Contractor's conversion (the "Conversion") of an existing variable bore ram ("VBR") into a "test ram" on the Deepwater Horizon's blowout preventer (the "BOP").

In accordance with Articles 5 and 7 of the Contract, Company shall reimburse Contractor for the cost associated with the Conversion, which is estimated to be \$135,000 based on the attached quote/AFE including the five percent (5%) handling fee. Notwithstanding the foregoing, Contractor shall give Company written notice of any increase of more than ten percent (10%) in the above cost estimate and such increase shall be subject to Company's prior written approval. If installation should require out-of-service time, Company agrees to pay Contractor at the Standby Rate (as defined in the Contract) until operations can be recommenced; provided such out-of-service time shall not exceed a maximum of twenty-four (24) hours. Reimbursement for the Conversion shall be in the form of a lump sum payment due and payable within thirty (30) days of receipt of Contractor's invoice therefore, which invoice shall be sent after the "test ram" has been installed.

Company acknowledges that the Conversion will reduce the built-in redundancy of the BOP, thereby potentially increasing Contractor's risk profile and corresponding cost structure. Therefore, after the Conversion is completed, if one of the two remaining VBRs fails to "test" on any well for any mechanical reason (as opposed to abnormal wear or damage caused by operations) and the MMS requires that Contractor pull the BOP to replace the VBR, Company agrees to pay Contractor the Operating Rate (as defined in the Contract) for the time required to pull the BOP, replace the ram, and re-run the BOP; provided, however, if one of the two remaining VBRs fails to "test" a subsequent time on the same well for any mechanical reason, after initially testing subsea, (as opposed to abnormal wear and damage caused by operations) and the MMS requires that Contractor pull the BOP to replace the VBR, the time required to pull the BOP, replace the ram, and re-run the BOP shall be considered Mechanical Downtime (as defined in the Contract).

Except as specifically set forth above, all other terms and conditions of the Contract, as amended to date, shall remain unchanged.

PHONE: (832) 587-8506

FAX: (832) 587-8754

EMAIL: cyoung@houston.deepwater.com

BP America Production Company
Letter Agreement for Conversion of VBR to a Test Ram
October 11, 2004
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Please indicate your agreement to the terms of this letter by signing in the space provided below and returning an executed copy to us for our files. If you have any further questions, please contact John Kecton at (832) 587-8533 or me at (832) 587-8506. Thank you for the opportunity to be of service.

Sincerely,

Christopher S. Young
Sr. Marketing Representative
Transocean Holdings, Inc.

AGREED AND ACCEPTED:
THIS _____ DAY OF _____, 2004
BP AMERICA PRODUCTION COMPANY

SIGNED _____
PRINTED _____
TITLE _____

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Horizon Test Ram (Rev 9-28-04)1.doc

PHONE: (832) 587-8506

FAX: (832) 587-8754

EMAIL: cyoung@houston.deepwater.com

confidential Treatment Requested by Transocean Holdings LLC
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TRN-HCEC-00077515
TRN-MDL-00119252