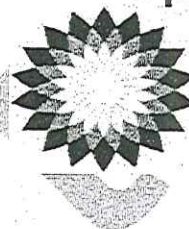


Gulf of Mexico SPU

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Guidance for Sharing of Drilling, Completion and Interventions Information with Co-Owners

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1 Executive Summary

The BP Gulf of Mexico (GoM) Strategic Performance Unit (SPU) is currently spending an average of \$2.5 billion annually on BP-operated Drilling, Completion and Intervention (DC&I) operations. The GoM SPU DC&I technical staff, as well as the Exploration Production Technology (EPT) staff, perform a multitude of engineering and operational tasks to enable the SPU to efficiently manage this spend. This work is frequently shared with our co-owners in hard copy, electronically and through meetings and various industry forums and work groups. Notwithstanding, BP has clear and specific guidelines for the approval of technical papers yet there is very little done to vet the proprietary nature of the subject content.

The intent of this Recommended Practice (RP) is to set forth guidance on protection of BP GoM SPU Intellectual Property and Intellectual Assets (IP/IA). This information includes but is not limited to the following:

- Well Statement of Requirements (SoR)
- Well Basis of Design (BoD)
- Technology studies
- Technical file notes
- Recommended practices
- Business and technical processes and policies (Beyond the Best (BtB); Right Scoping; Drilling and Well Operations Practice (DWOP); Engineering Technical Practices (ETPs); etc.)
- Detailed drilling and completion well plans and procedures
- Detailed well schematics
- Contingency plans
- Stimulation monitoring
- Drilling and completion costs and risk and uncertainty statements
- Benchmarking and performance analysis studies
- Quality Assurance/Quality Control (QA/QC) reports
- Industry technical papers for conferences, symposiums and forums

A large portion of the above information could be considered to afford BP with a competitive advantage and thus should be protected as BP IP/IA. A proactive and rigorous approach to protection of BP IP/IA should be undertaken to ensure that BP's competitive advantage is not compromised.

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2 Recommended Practice

This draft Recommended Practice is intended to provide guidance to the DC&I teams as to what can be shared with co-owners and what cannot. It is not an exhaustive list but is a starting point to be used by teams as guidance.

2.1 Technical Work that CAN be Shared

2.1.1 Drilling Information

- Well schematics (planned and as-built)
- Equipment schematics (planned and as-built)
- Days versus depth curves (planned and actual)
- Cost versus depth curves (planned and actual)
- Procedure overview only (no detailed procedures)
- Authorization for Expenditure (AFE) cover sheets (no detailed cost information)
- Documents developed by external third parties (electric logs, log analysis, Stress Engineering reports)
- Daily activity reports (Open Wells) without cost information
- Minerals Management Service (MMS) Application to Drill permit information
- Directional plots (planned and actual)

2.1.2 Completion Information

- Overall planned and actual completion schematics (no individual equipment schematics)
- Overall planned and actual days per completion charts (no section breakdowns)
- Procedure overview only (similar to the MMS outline summary)
- AFE cover sheets (no detailed cost information)
- Documents developed by external third parties (electric logs, pack scan logs)
- Frac stimulation design overview (pump schedule only)
- Frac stimulation pressure/temperature execution output (no analysis)
- Daily activity reports (Open Wells) without cost information
- High level total non-productive time (NPT) summary only (no breakdowns)
- MMS permit information
- Directional plots (planned and actual)

2.2 Technical Work that CANNOT be Shared

- Detailed drilling and completion procedures
- BOD's, SOR's or Technical File notes ("Cleansed" BoD's may be shared. See Appendix for Mad Dog example.)
- NPT individual task breakdown summaries
- BP Confidential labeled material
- Information referencing other BP field data
- BtB/Right Scoping or any other BP process

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- BP standards or best practices
- Reference to reserves
- Info referencing BP engineers or specialists
- Technical File Notes or other studies
- QA/QC reports
- Individual equipment test data
- Contingency plans (overview only if requested)
- Model simulation input (Wellcat and frac models)

2.3 Meetings NOT to be Attended by Co-Owners

- Peer Assist and Peer Review meetings
- Procedure reviews
- Post operations appraisals
- Contingency planning meetings
- Weekly Engineering Team meetings
- AFE or cost reviews

2.4 Process for Valuation of Technical IP/IA

Going forward, the GoM SPU should build a process for identification, valuation and prioritization of IP/IA and how best to protect it. The figure below represents a methodology that could be further developed to help determine our approach on IP/IA protection.

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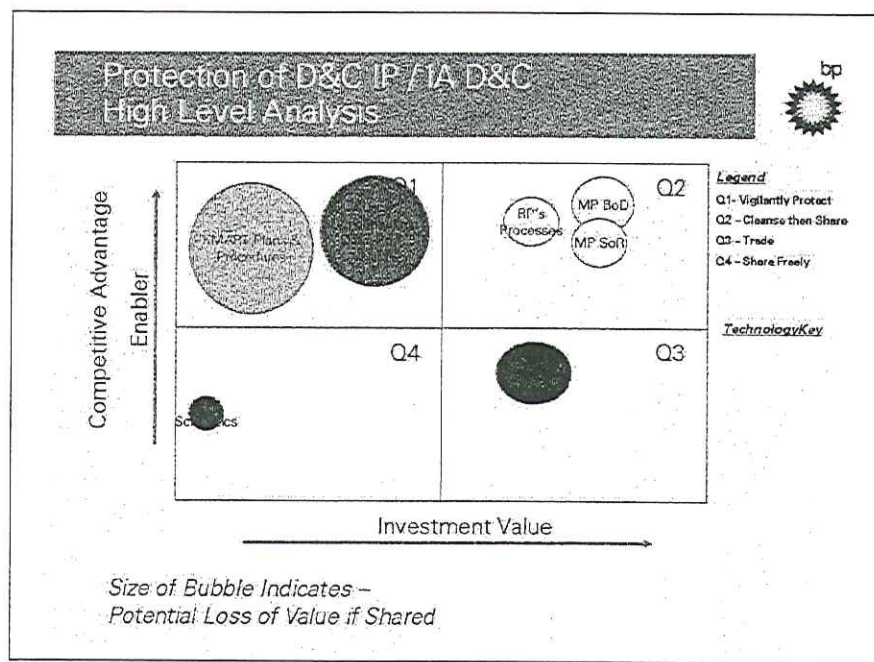


Figure 1: High Level Analysis of BP IP/IA

Utilizing this approach will enable us to attain consistency throughout the SPU on all of our properties and operations. These practices should be merged with our approach to non-operated properties. Information from Operated by Others (OBO) properties is required in order to perform due diligence and BP financial memorandums. A list of information required from our partners includes:

- Wellbore outline
- Well objectives
- Bottom-hole locations
- Geologic cross-sections
- Directional plans
- Drilling, casing and cementing plans
- Detailed drilling and completions days
- Evaluation plan
- Pore pressure plot
- Completion sketch
- Risks
- Continuous Improvement Plan (CIP)

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3 Conclusion

BP will gain significant value from a more structured approach to IP/IA management. The practices described herein will assist the GoM SPU in maturing our IP/IA management approaches and protect BP's competitive advantage. Also, this RP will provide useful guidance to the DC&I Teams in what they should share outside of BP.

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Appendix A:
Example of "Cleansed" BOD (Mad Dog)

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