

BP Exploration & Production Inc.
200 Westlake Park Boulevard
Post Office Box 4587
Houston, Texas 77210-4587

July 9, 2010

Via FEDEX & Facsimile (832 636 8059)

Mr. Jim Bryan
Anadarko Petroleum Corporation
1201 Lake Robbins Drive
The Woodlands, TX 77380

Mr. Robert K. Reeves
Anadarko Petroleum Corporation
1201 Lake Robbins Drive
The Woodlands, TX 77380

Re: Failure to pay Joint Interest bills issued pursuant to Macondo Prospect Deepwater Operating Agreement and incorporated Exhibits dated October 1, 2009 (the "Operating Agreement")

Dear Mr. Bryan and Mr. Reeves:

BP Exploration and Production Inc ("BP") is the Operator under the above referenced Operating Agreement and is the designated applicant for oil spill responsibility purposes for the Macondo prospect. Anadarko Petroleum Corporation ("Anadarko") is a twenty-five (25%) percent working interest owner in the Macondo Prospect and is a party to the Operating Agreement. On June 6, 2010, Anadarko was issued certain joint interest bills and invoices dated June 2, 2010 (the "May JIB") to reimburse BP for expenses incurred for the joint account in responding to the blowout and subsequent oil and gas spill. Pursuant to the terms of the Operating Agreement and its Exhibits, the May JIB must be paid within thirty (30) days of receipt. As of the date of this correspondence, Anadarko has failed to timely pay its share of the May JIB, and BP has received Anadarko's letter dated July 7, 2010 wherein Anadarko states that it has decided to withhold payment of the May JIB.

The Accounting Procedures set forth in Exhibit "C" of the Operating Agreement, the Security Rights Provisions contained in Exhibit "F" of the Operating Agreement, and the Operating Agreement require Anadarko to pay joint interest expenses within thirty (30) days of invoicing. Under the express terms of the Accounting Procedures [Section 1, ¶ (3) (B)] and the Security

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EXHIBIT

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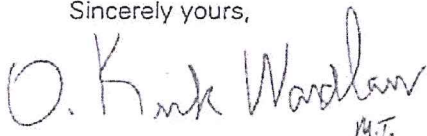
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Rights Provision of the Operating Agreement [Section 6.3 (b)(c)], Anadarko shall pay its proportionate share of all bills within thirty (30) days: "In the event a Party believes that such charges are incorrect, the Party shall nevertheless pay the amounts due as provided herein, and the Operator shall attempt to resolve the issue as soon as practical...". Exhibit "F" Section 6.3 (b). There are no provisions that would allow Anadarko to withhold reimbursement of its share of emergency and environmental response costs and other charges that have been paid by BP for the benefit of the joint account while Anadarko awaits the results of "proceedings and investigations," as set forth in Anadarko's July 7th letter. While there may be multiple proceedings and investigations underway, the obligations under the Operating Agreement are unambiguously binding on Anadarko.

Anadarko's actions, including its public statements against the joint interest, releases of Confidential Data, and failure to reimburse BP for joint interest expenses incurred and paid by BP, constitute willful breaches of the Operating Agreement and do not exhibit "good faith" and have and will continue to damage BP and the joint account and BP reserves all rights, defenses, and damage claims under the Operating Agreement, the Accounting Procedures, the Security Rights provision, and at law, individually and on behalf of the joint account. BP demands immediate payment of the May JIB and timely payment of future JIBs in accordance with the Operating Agreement. Failure of Anadarko to pay the May JIB within 30 days of this letter shall constitute an event of default under the Operating Agreement.

BP expects Anadarko to pay the May JIB as required by the Operating Agreement. BP is mindful of its obligation as Operator to attempt to resolve these issues as soon as practical. Accordingly, we request that both sides plan to discuss the present disputes at the July 15, 2010 meeting in New York.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "O. Kirk Wardlaw". Below the signature, the initials "M.T." are written in a smaller, lighter script.

O. Kirk Wardlaw
Chief Land Negotiator

cc: Moex Offshore 2007 LLC (Via Email)

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1 assignments, then the removal of the Operator requires approval by
2 Vote.

3 **4.4.2 Removal for Cause by Vote**

4 Under the following circumstances, the removal of the Operator shall
5 be approved by Vote, excluding the Vote of the Operator:

- 6 (a) the Operator is found liable by a final judicial decision or a final
7 decision under binding arbitration for an act of gross negligence or
8 willful misconduct regarding the Contract Area;
- 9 (b) the Operator commits a substantial breach of a material provision
10 of this Agreement and fails to cure the breach within thirty (30)
11 days after receipt of written notice of the breach from a Non-
12 Operating Party. If the breach specified in the notice reasonably
13 cannot be corrected within the thirty (30) day period, but the
14 Operator within said period begins action to correct the breach
15 and thereafter diligently carries the corrective action to
16 completion, the Operator shall not be removed. The Operator
17 shall not be removed under this Article 4.4.2 if the Operator is
18 able to prove the non-existence of the alleged breach within thirty
19 (30) days after receipt of written notice of the alleged breach;
- 20 (c) the Operator becomes insolvent or unable to pay its debts as they
21 mature, makes an assignment for the benefit of its creditors,
22 commits an act of bankruptcy, or seeks relief under laws providing
23 for the relief of debtors;
- 24 (d) a receiver is appointed for the Operator or for substantially all of
25 its property or affairs; or
- 26 (e) the Operator fails to timely commence the fabrication or
27 acquisition of the Development System in accordance with Article
28 12.7.9 (*Timely Operations for Development Systems*).

29 **4.4.3 Timing of Vote to Remove Operator**

30 A Vote to remove the Operator for cause as provided in this Article 4.4
31 shall be taken within ninety (90) days after the Non-Operating Party's
32 actual knowledge of the cause.

