

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL AND GAS

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November 23, 2005

Daryl E. Kleppin
ACT Commercial Manager
BP Exploration (Alaska) Inc.
900 East Benson Boulevard
Anchorage, Alaska 99519

Subject: Contraction of ADL 47432 from the Milne Point Unit and from the Schrader Bluff Participating area, and surrender of ADL 47432

Dear Mr. Kleppin:

The Division of Oil and Gas (Division) received BP Exploration (Alaska) Inc.'s (BP) application to contract the Milne Point Unit (MPU), contract the Schrader Bluff Participating Area (SBPA), and surrender ADL 47432, dated November 17, 2005. The application included a cover letter, a surrender notice for ADL 47432 and a revised tract participation schedule for the SBPA.

The Division approves the MPU and SBPA contraction which conforms the MPU and SBPA areas to be consistent with BP's current geologic interpretation of the Schrader Bluff accumulation. The contractions and the revised tract participation schedule are effective December 1, 2005. Please submit revised MPU Agreement Exhibits for approval by February 1, 2006.

The Lease Administration Section of the Division has notified of this approval and will promptly send out the Surrender of Lease notice for ADL 47432.

The Permitting Section of the Division has been notified of BP's request to convert that portion of the MPU Class B Disposal Well MPB-50 (approved by LO/NS 81-54) outside the MPU, to a Land Use Permit. Matt Rader in the Permitting Section of the Division will contact you with further instructions to complete the conversion.

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040 (c) and (d), and may be mailed or delivered to Michael Menge, Commissioner, Department of Natural Resources, 550 @. 7th Avenue, Suite 1400, Anchorage Alaska 99501; faxed to 1-907-269-8918; or sent by electronic mail to dnr_appeals@dnr.state.ak.us. This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Sincerely,


William D. Van Dyke
Acting Director

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."