

# STATE OF ALASKA

**DEPARTMENT OF LAW**  
*OFFICE OF THE ATTORNEY GENERAL*

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August 17, 2006

**BY FAX TO (907) 564-4254**

Mr. Steve Marshall, President  
BP Exploration Alaska, Inc.  
900 E. Benson Blvd.  
Anchorage, AK 99508-4254

Re: Prudhoe Bay Unit Corrosion Issues and Partial Shutdown

Dear Mr. Marshall:

In light of recent events surrounding corrosion issues in transit lines in the Prudhoe Bay Unit (PBU) and partial shutdown at Prudhoe, I believe it important to apprise you of the State's position with respect to preserving its rights and holding fully accountable those parties responsible for any losses.

First, the State will be issuing subpoenas to all PBU leaseholders in order to preserve all documents that may be relevant to corrosion at Prudhoe Bay. The State also may undertake any other investigative measures as it deems necessary. Although the State recognizes that BP is the operator of the PBU, the State is unwilling to make assumptions at this time where liability may ultimately lie.

Second, the State as sovereign and regulator, as well as lessor of the PBU leases, recognizes that its regulatory agencies will be working with BP in order to facilitate all remedial efforts. In that capacity, the State will cooperate with BP with respect to the necessary permits and approvals required by law. The State, nevertheless, expects BP as its lessee and PBU Operator to continue its operation and procedures in a manner consistent with its duties as a prudent operator.

Finally, the State's regulatory role should not be construed by any parties as a waiver of the State's rights under either the PBU leases or other potential civil or criminal actions.

If you have any questions, please feel free to contact me.

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Sincerely,



David W. Márquez  
Attorney General

Mr. Steve Marshall  
BP Exploration Alaska, Inc.  
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Enclosures: (2) Subpoenas (8/17/06)

cc: (w/encls.) Mr. Jim Bowles, President  
ConocoPhillips, Alaska, Inc.

Mr. Richard Owen, Alaska Operations Manager  
ExxonMobil Alaska Production, Inc.

Mr. Leonard Gurule, Sr. Vice President, Alaska Division  
Forest Oil Corporation

Mr. John Zager, Alaska General Manager  
Chevron Corp.

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