DEEPWATER JOA REVISIONS UPDATE

Post Macondo Re-look
Participating Companies

- Anadarko
- Apache
- BP
- BHP
- Calypso
- Chevron
- ConocoPhillips
- Deep Gulf
- ExxonMobil
- Hess
- McMoRan (PXP)
- Nexen
- Noble
- Shell
- Statoil
- Woodside
New Regulations Prompt JOA Updates

Final Drilling Safety Rule (Drilling Safety Rule) (08/15/12 final):
- CEO Certification of Compliance with Regulations
- Independent 3rd Party Verification of Blowout Preventer (BOP)
- Professional Engineer Verification of Casing Design and Cement Procedures
- Incorporation of API recommended practices

NTL 2010-N06 (Environmental NTL) (06/18/10) – Worst Case Discharge Calculation

NTL 2010-N10 (Spill Response NTL) (11/08/10) – Well Containment Plan

Workplace Safety Rules (SEMS Rules) (11/15/10 – Part I) and (6/4/13 – Part II)
- Scope of data required in support of operations
- Management of Change process (Operator’s process)
- Stop Work Authority
- API Center for Offshore Safety
Key Provisions Reviewed and Revised

- Well Planning
  - Article 2.68 (Well Plan)
  - Article 5.7 (Information to Participating Parties)
  - Articles 10.1.1/11.1.1/13.1.1 (Revision of Well Plan)
  - Articles 10.1.2/11.1.2/13.1.2 (Automatic Revision of Well Plan)
  - Articles 10.1.4/11.1.4/13.1.4 (AFE Overruns & Substitute Well)
- Article 22 (Liabilities)
- Article 24 (Transfer of Interest)
Expands the definition of “Well Plan”

Includes WCD, Basis of Well Design and Well Containment System as information to be provided to Participating Parties
Well Planning

- Provides for Pre-Exploratory Well AFE Meeting:
  - Intended to communicate preliminary well design, rig selection/type and timing, a total estimated depth, Objective Depth criteria, surface and bottom hole location(s), and zone(s) of interest
  - Also Applies to Appraisal Drilling

- Addresses Automatic Revisions to the Well Plan Pre and Post Well Commencement
With respect to Liability, provides options to either:

- Limit Operator’s financial exposure in the case of Gross Negligence/Willful Misconduct
  - All Participating Party’s liable for proportionate share up to a certain dollar amount ("Cap") regardless of gross negligence/willful misconduct
  - All amounts in excess of the Cap are borne by a Party only to the extent caused by their gross negligence/willful misconduct.
- Make Party that is Grossly Negligent solely responsible with unlimited liability
Includes Optional Definition of Senior Supervisory Personnel in Connection with Gross Negligence/Willful Misconduct

- Similar to AIPN Model Form JOA definition

- All Participating Parties must reimburse Operator for their proportionate share of costs and expenses until a final determination of Gross Negligence/Willful Misconduct is made
New Article 2 provision defining “Transfer Notice”

Article 24 now includes optional provisions that require:

1) Transferor remains liable for the obligations of its Transferee after the effective date of the transfer

2) Transferor is not responsible for the obligations of its Transferee if Transferee is a “financially capable” party, as defined in Article 24, at the time of the Transfer Notice

3) Transferor is not responsible for obligations of the Transferee beyond the effective date of the transfer
Forward Plan

- Substantially Complete with Major Revisions to Articles
  - Need to Address
    - Article 5 (Rights and Duties of Operator)
    - Exhibit “B” (Insurance)
    - Exhibit “K” (Health, Safety, Environment)
- Year End 2013-Adoption of Revised DW JOA (inclusive of all Exhibits)