STATE OF ALASKA

Frank H. Murkowski, Governor

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.

Sincerely,

David W. Márquez
Attorney General

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.

STATE OF ALASKA

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

IN THE MATTER OF THE INVESTIGATION OF THE CRUDE OIL SPILL FROM THE FLOW STATION 2 TRANSIT LINE, PRUDHOE BAY, ALASKA	))))))))	**SUBPOENA TO PRESERVE AND PRODUCE DOCUMENTS**

TO: BP Exploration (Alaska) Inc.
ConocoPhillips Alaska, Inc.
Chevron U.S.A, Inc.
ExxonMobil Alaska Production, Inc.
Forest Oil Corporation.

Pursuant to the authority of A.S. 46.03.020 (5), (6), and (7), and A.S. 46.04.060, you are commanded to preserve all documents, including computer records, and especially including those which might otherwise be destroyed in the normal course of business or during a response to an oil spill, for inspection by and production to the Alaska Department of Environmental Conservation, which documents relate in any way to the discharge of crude oil from the Flow Station 2 Transit Line, located at or near Prudhoe Bay, Alaska ("the spill"). This command includes, but is in no way limited to, documents concerning the amount of oil discharged or released into the environment; the discovery of the spill and/or the response to the spill; pipeline monitoring for the transit line since January 1, 1996; oil transfers through the transit line since January 1, 2001; inspections or maintenance on the transit line since its construction; corrosion control on the line since its construction; and the amount of oil recovered during cleanup operations relating to the spill.

You are further commanded to allow these documents to be inspected, during normal business hours, by an inspector employed by the Alaska Department of Environmental Conservation, and to produce all documents designated by the inspector to the Alaska Department of Environmental Conservation.

For the purposes of this subpoena, the term "document" is defined as follows:

The original (or when the original is not in your custody or control, a carbon or other identical copy) form of any information that is written,

printed, typed, drawn, stored, or otherwise memorialized, including (without limitation) letters, memoranda, messages, notes, reports, studies, movies, videotape, print or slide photographs, audio tapes, message machine recordings, minutes, telegrams, teletype messages or microfilms, telex or telefax messages, maps, graphs, drawings, charts, lists, manuals, guides, instructions, directories, tables or tabulations, appointment books, diary entries, checks, check registers or stubs, vouchers, and recordings of informal memoranda of any oral communications, personal notes (either typed or handwritten), or any other form of record (such as, for example, financial and tax records). "Document" includes information stored on machines, discs, tapes, drums, computer discs and hard drives, CD-ROMs, DVDs, and other electronic, magnetic, or digital devices or media which store and/or retrieve information.

Requests for modification of this subpoena may be made in writing to the attention of the undersigned.

If you wish to challenge this subpoena, you may do so by petition to the Alaska Superior Court to quash it. If you do not file such a petition and if you fail to respond to this subpoena, the Office of the Attorney General on behalf of the Alaska Department of Environmental Conservation will commence a proceeding in court pursuant to Alaska Rule of Civil Procedure 45 and Alaska Statute 44.62.590 for an order directing you to show cause why you should not be held in contempt of court for failure to comply with this subpoena. Please note that any information provided to the Department could be used against any person in the event of a criminal prosecution and that you have the right to be represented by counsel during the course of this civil investigation.

If you have any questions concerning this subpoena, you should feel free to contact Senior Assistant Attorney General Breck Tostevin at 1-907-269-5274.

Kurt Fredriksson

By: _____
Kurt Fredriksson
Commissioner

Date: 8/17/06

STATE OF ALASKA

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

IN THE MATTER OF THE INVESTIGATION OF THE CRUDE OIL SPILL FROM THE GC-2 TRANSIT LINE, PRUDHOE BAY, ALASKA	))))))))	**SUBPOENA TO PRESERVE AND PRODUCE DOCUMENTS**

TO: ConocoPhillips Alaska, Inc.;
Chevron U.S.A, Inc.;
ExxonMobil Alaska Production, Inc.;
Forest Oil Corporation.

Pursuant to the authority of A.S. 46.03.020 (5), (6), and (7), and A.S. 46.04.060, you are commanded to preserve all documents, including computer records, and especially including those which might otherwise be destroyed in the normal course of business or during a response to an oil spill, for inspection by and production to the Alaska Department of Environmental Conservation, which documents relate in any way to the discharge of crude oil from the GC-2 Transit Line, located at or near Prudhoe Bay, Alaska ("the spill"). This command includes, but is in no way limited to, documents concerning the amount of oil discharged or released into the environment; the discovery of the spill and/or the response to the spill; pipeline monitoring for the transit line since January 1, 1996; oil transfers through the transit line since January 1, 2001; inspections or maintenance on the transit line since its construction; corrosion control on the line since its construction; and the amount of oil recovered during cleanup operations relating to the spill.

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The original (or when the original is not in your custody or control, a carbon or other identical copy) form of any information that is written, printed, typed, drawn, stored, or otherwise memorialized, including (without limitation) letters, memoranda, messages, notes, reports, studies,

movies, videotape, print or slide photographs, audio tapes, message machine recordings, minutes, telegrams, teletype messages or microfilms, telex or telefax messages, maps, graphs, drawings, charts, lists, manuals, guides, instructions, directories, tables or tabulations, appointment books, diary entries, checks, check registers or stubs, vouchers, and recordings of informal memoranda of any oral communications, personal notes (either typed or handwritten), or any other form of record (such as, for example, financial and tax records). "Document" includes information stored on machines, discs, tapes, drums, computer discs and hard drives, CD-ROMs, DVDs, and other electronic, magnetic, or digital devices or media which store and/or retrieve information.

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