

NORTH SLOPE
ULTRA LOW SULFUR DIESEL TRANSITION AGREEMENT

AMENDMENT OF NOVEMBER 2006

This Amendment of the North Slope June 17, 2005 *Ultra Low Sulfur Diesel Transition Agreement* (“ULSD Transition Agreement”) is entered into by and among the State of Alaska (“State”), BP Exploration (Alaska) Inc. (“BPXA”), and ConocoPhillips Alaska Inc. (“CPAI”) on November 6, 2006.

This Amendment modifies certain deadlines in Paragraph 2 (a) –(h) of the Agreement section of the ULSD Transition Agreement June 17, 2005 North Slope Ultra Low Sulfur Diesel Transition Agreement and adds a new paragraph to address those extensions as follows:

Paragraph 2 (b) is amended by deleting December 31, 2007 and replacing it with December 31, 2008.

Paragraph 2 (c) is amended by deleting April 30, 2007 and replacing it with April 30, 2008 and by deleting the 2007 North Slope sealift and replacing it with 2008 North Slope sealift.

Paragraph 2 (d) is amended by deleting August 1, 2007 and replacing it with August 1, 2008 and by deleting 2007 North Slope sealift and replacing it with 2008 North Slope sealift.

Paragraph 2(f) is deleted in its entirety and replaced with the following:

(f) As a result of project design complications, the anticipated start date of ULSD production capability on the North Slope is now extended from June 1, 2008, to December 31, 2008. In consideration of the extension, BPXA and CPAI each agree to commit to spend \$2 million (\$4 million total) for the purpose of achieving incremental emission reductions from diesel combustion sources on the North Slope after ULSD production capability on the North Slope is fully operational (“Incremental Emission Reduction Commitment”). In addition, BPXA and CPAI agree each to commit to spend an additional \$50,000 for each full month after December 31, 2008, that ULSD production capability is not fully operational on the North Slope up to June 30, 2009. The State agrees that this commitment is an appropriate and adequate response to the delay in achieving ULSD production capability on the North Slope, and the State accepts the commitment in lieu of requiring BPXA or CPAI to haul ULSD to the North Slope during the extension period identified in this paragraph (f).

A new Paragraph 2(g) is agreed to as follows:

(g) BPXA, CPAI and the State each shall designate one representative to serve on a Planning Team for the purpose of deciding how to spend the money committed in paragraph (f) for incremental diesel emission reductions to be achieved through such actions as application of filters, catalysts, source modification, engine replacement or elimination, etc. The scope of acceptable projects is intended to be very broad to include all equipment that uses diesel fuel on the North Slope (e.g., acceptable projects would include but not be limited to conversion of diesel fired equipment to natural gas, projects to reduce emissions and improve the efficiency from diesel fired equipment, and conservation projects to reduce the amount of diesel fuel currently used). On or before March 31, 2007, the planning team will prepare a list of potential North Slope diesel emission reduction projects to be funded by the Incremental Diesel Reduction Commitment. The team shall decide by consensus which projects to fund and at what level. The guiding principles of the Planning Team in selecting projects for funding are to maximize the cost benefit of emission reductions and achieve a net reduction in emissions that, while not limited to sulfur dioxide emission reductions, has a comparable equivalency or is greater in magnitude to the sulfur dioxide reductions that would have been achieved but for the delay. The Planning Team may establish other criteria such as potential pollution exposure for workers or members of the public, and expected residual service life of the particular diesel fueled source. The Planning Team will approve a list of projects for the initial commitment no later than October 31, 2007. No later than December 31, 2009, the team shall complete all decisions necessary to ensure that all committed funds are dedicated to specific projects. If such December 31, 2009 deadline is not met, BPXA and CPAI shall place the remaining balance of the Incremental Diesel Reduction Commitment funds into a non-interest bearing account to be used for future acceptable project to which they are dedicated. Projects may begin prior to December 31, 2008 if they meet the criteria of acceptable projects mentioned earlier. If the Planning Team cannot reach consensus on any issue, the issue will be elevated to a three-person management group comprised of higher-level representatives of BPXA, CPAI and the State. Upon completion of the approved projects or placement of the Incremental Diesel Reduction Commitment into the account as specified in this paragraph (g), neither BPXA nor CPAI shall bear any duty under paragraph (f) above or this paragraph (g).

Paragraph 2 (g) is renumbered as 2 (h) and modified as follows:

(h) In the event that BPXA and CPAI notify the State that the conversion module will not be transported on the 2008 North Slope sealift or the conversion module is not transported with the 2008 North Slope sealift, the State may direct BPXA and CPAI, in the State's sole discretion based on then-existing circumstances, to implement their own individual ULSD fuel supply strategy no later than January 1, 2009 to comply with the EPA rules then in place based on an urban definition for all road accessible areas.

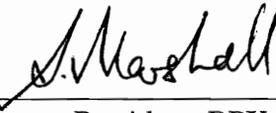
Paragraph 2 (h) is unchanged with the exception that it is renumbered 2 (i).

STATE OF ALASKA
DEPARTMENT OF ENVIRONMENTAL CONSERVATION

By 
Commissioner, ADEC

11-6-06
Date

BP EXPLORATION (ALASKA) INC.

By  
President, BPXA

11/6/06
Date

CONOCOPHILLIPS ALASKA, INC.

By  
President, CPAI

11/13/06
Date