



TRANSOCEAN HOLDINGS, INC.  
1311 BROADFIELD, SUITE 400  
HOUSTON, TX 77084

CHRISTOPHER S. YOUNG  
SR. MARKETING REPRESENTATIVE

October 11, 2004

BP America Production Company  
200 Westlake Park Blvd.  
Houston, TX 77079

Attn: Mr. Randy Rhoads  
Mail Code 1089 WL4

Re: Drilling Contract No. 980249 dated December 9, 1998 (as previously amended, "Contract") by and between R&B Falcon Drilling Company, predecessor in interest to Transocean Holdings Inc. ("Contractor") and Vastar Resources, Inc., predecessor in interest to BP America Production Company ("Company"), as amended for RBS-8D (now known as the "Deepwater Horizon")

Subject: Letter Agreement for Conversion of VBR to a Test Ram  
CONTRACTOR-5121-2002-011

Dear Randy,

When executed by both parties below, this letter will document the agreement between Contractor and Company for Contractor's conversion (the "Conversion") of an existing variable bore ram ("VBR") into a "test ram" on the Deepwater Horizon's blowout preventer (the "BOP").

In accordance with Articles 5 and 7 of the Contract, Company shall reimburse Contractor for the cost associated with the Conversion, which is estimated to be \$135,000 based on the attached quote/AFE including the five percent (5%) handling fee. Notwithstanding the foregoing, Contractor shall give Company written notice of any increase of more than ten percent (10%) in the above cost estimate and such increase shall be subject to Company's prior written approval. If installation should require out-of-service time, Company agrees to pay Contractor at the Standby Rate (as defined in the Contract) until operations can be recommenced; provided such out-of-service time shall not exceed a maximum of twenty-four (24) hours. Reimbursement for the Conversion shall be in the form of a lump sum payment due and payable within thirty (30) days of receipt of Contractor's invoice therefore, which invoice shall be sent after the "test ram" has been installed.

Company acknowledges that the Conversion will reduce the built-in redundancy of the BOP, thereby potentially increasing Contractor's risk profile and corresponding cost structure. Therefore, after the Conversion is completed, if one of the two remaining VBRs fails to "test" on any well for any mechanical reason (as opposed to abnormal wear or damage caused by operations) and the MMS requires that Contractor pull the BOP to replace the VBR, Company agrees to pay Contractor the Operating Rate (as defined in the Contract) for the time required to pull the BOP, replace the ram, and re-run the BOP; provided, however, if one of the two remaining VBRs fails to "test" a subsequent time on the same well for any mechanical reason, after initially testing subsea, (as opposed to abnormal wear and damage caused by operations) and the MMS requires that Contractor pull the BOP to replace the VBR, the time required to pull the BOP, replace the ram, and re-run the BOP shall be considered Mechanical Downtime (as defined in the Contract).

Except as specifically set forth above, all other terms and conditions of the Contract, as amended to date, shall remain unchanged.

PHONE: [REDACTED]

FAX: [REDACTED]

EMAIL: [REDACTED]



BP America Production Company  
Letter Agreement for Conversion of VBR to a Test Ram  
October 11, 2004  
Page 2 of 2

Please indicate your agreement to the terms of this letter by signing in the space provided below and returning an executed copy to us for our files. If you have any further questions, please contact John Keeton at [redacted] or me at [redacted]. Thank you for the opportunity to be of service.

Sincerely,

Christopher S. Young  
Sr. Marketing Representative  
Transocean Holdings, Inc.

AGREED AND ACCEPTED:  
THIS 19<sup>th</sup> DAY OF October, 2004  
BP AMERICA PRODUCTION COMPANY

SIGNED Jeff Sturseth  
PRINTED JEFF STURSETH  
TITLE Contract Specialist

DMS  
10/19/04

Form on Test Ram (Rev 9-28-04).doc

PHONE [redacted]

FAX [redacted]

EMAIL [redacted]