



**BP EXPLORATION**  
Exploration Department

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REGIONAL DIRECTOR, ALASKA OCS  
Minerals Management Service  
ANCHORAGE, ALASKA

April 30, 1996

Mr. Kenneth Boyd, Director  
State of Alaska  
Department of Natural Resources  
Division of Oil and Gas  
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Anchorage, Alaska 99503

Mr. Jeff Walker  
Regional Supervisor  
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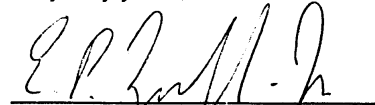
**Re: Annual Status Report**  
**Northstar Unit, Plan of Development**  
**North Slope, Alaska**

Gentlemen:

Pursuant to Article 8 of the Northstar Unit Agreement, BP Exploration (Alaska) Inc. (BPX), as operator, submits the enclosed annual status report describing the unit activities conducted during the preceding year and the activities planned for the coming year.

Please telephone me should you have any questions.

Very truly yours,

  
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E. P. Zselezky, Jr.  
Land Manager, Alaska  
Phone: 564-5083

Enc.

Annual Status Report  
May 1, 1996  
NORTHSTAR UNIT  
PLAN OF DEVELOPMENT

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Pursuant to Article 8 of the Northstar Unit Agreement, BP Exploration (Alaska) Inc. (BPX), as operator, submits the following annual status report describing the unit activities conducted during the preceding year and the activities planned for the coming year.

Significant effort in establishing and promoting cooperative stakeholder relationships has taken place at all levels of stakeholders as evidenced by the public actions by BPX on behalf of the Northstar working interest owners. Conceptual Engineering studies have been completed (Feb. 1996), defining several development alternatives, which have been reviewed with our partner, Murphy Oil, as well as many of the State, Federal and local regulatory agencies. Current reservoir engineering and geological work is focusing on optimum location of development wells and preparation of production models for optimal depletion planning.

Environmental data gathering and studies were initiated in early 1995. These studies included sediment and benthic sampling at the island locations and along the proposed pipeline routes, current speed measurement and monitoring in the Seal Island area, aerial whale surveys in conjunction with Minerals Management Service work plans, collection of ambient noise data, and surveys of bird nesting on the barrier islands in the Northstar Unit area. In addition, sidescan sonar was used to document the presence of ice gouging in the seabed and infra-red and high altitude photographs were taken to document current barrier island location.

BPX has actively sought input and involvement in the Northstar project by meeting with and sharing information in a "partnering" environment to increase the level of understanding by all involved. BPX has discussed the potential environmental impacts with the regulatory community and voluntarily entered into an Environmental Impact Statement process with the U.S. Army Corps of Engineers as the lead EIS agency and Dames & Moore as the contractor responsible for drafting the EIS under the direction of the Agency EIS Team. All pertinent data on Northstar owned by BP has been given to the EIS team through various information requests and joint industry/Agency review meetings.

Permitting activities are currently under way for planned summer 1996 open water seismic program in the Northstar Unit area. BPX submitted an application for an Incidental Harassment Authorization and an associated monitoring plan for whales and seals to the National Marine Fisheries Service on March 12, 1996. Additionally, BPX has requested a Letter of Authorization of incidental take of polar bears and walrus from the U.S. Fish and Wildlife Service. The Communications and Avoidance Agreement with the Alaska Eskimo Whalers Commission is nearing completion with drafts being circulated by the parties involved for comments and agreement.

Work plans for 1996 include the following: the acquisition and processing of 3-D seismic data acquired over the Northstar area in the summer of 1996, (assuming cooperative weather and sufficient open water periods for data gathering); the continuation of the work that has commenced on the preliminary engineering (to determine the optimum engineering approach to the development and production of Northstar reserves); and the continuation of environmental studies and the EIS process.