
ARNOLD & PORTER LLP

Allison B. Rumsey
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555 Twelfth Street, NW
Washington, DC 20004-1206

May 20, 2010

PRIVILEGED & CONFIDENTIAL
ATTORNEY WORK PRODUCT
PREPARED IN ANTICIPATION OF LITIGATION

VIA E-MAIL

Paul Boehm, Ph.D.
Group Vice President & Principal Scientist
Exponent Engineering & Scientific Consulting
One Clock Tower Place, Suite 150
Maynard, Massachusetts 01754

Re: BP – Deepwater Horizon

Dear Dr. Boehm:

This will confirm and memorialize in writing the existing agreement between you, on behalf of Exponent Engineering & Scientific Consulting (“Exponent”), Arnold & Porter LLP (“Arnold & Porter”) and our client, BP Exploration & Production Inc. (“BP Exploration”) regarding natural resource damages (“NRD”) potentially arising out of the Deepwater Horizon matter in the Gulf of Mexico, and potentially ongoing enforcement and/or regulatory compliance with respect to NRD under federal and state law. Parties adverse or potentially adverse to BP Exploration in this matter include the States of Alabama, Florida and Louisiana, the Alabama Department of Environmental Management, the Florida Department of Environmental Protection, the Louisiana Department of Environmental Quality, the U.S. Environmental Protection Agency, the United States Department of Commerce and the U.S. Department of the Interior. (Adverse and potentially adverse parties are referenced, collectively, as “Adverse Parties.”)

You understand that we have been retained by BP Exploration to render legal advice, to provide advocacy in administrative or judicial proceedings and to prepare its defense in potential enforcement proceedings in this matter, and that you are being

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retained by our firm as an integral part of our advice and defense preparation. Specifically, Arnold and Porter has retained you and Exponent Principal Scientist Thomas C. Ginn, Ph.D., as future testifying experts in the matter described above. As requested by Arnold & Porter, you will make yourself, Dr. Ginn, and your employees and agents available to prepare declarations or affidavits and testify in administrative hearings, depositions and/or trial. Your performance of services and all other business terms and conditions, including compensation, shall be governed by the terms and conditions of this letter.

We have made arrangements for payment of your fees and expenses directly by BP Exploration, on a time and materials basis. You will address your statements to BP Exploration with a copy to Arnold & Porter; BP Exploration may look to us to evaluate the reasonableness of any bills, based on the work performed at our direction. We will promptly inform BP Exploration of our review of your statements for work performed at our direction. We understand that you will follow your standard policy as to hourly rates and disbursements. You further agree that in the event any cost estimates for portions of the work called for herein are made, you will not incur costs exceeding such estimates without the consent of BP Exploration and Arnold & Porter, as counsel for BP Exploration.

Exponent is being retained to provide services for the purpose of facilitating Arnold & Porter's representation of BP Exploration, including providing legal advice and advocacy in disputed matters. In the course of our retention by BP Exploration, Arnold & Porter may call upon you directly to provide information, prepare studies or reports, participate in meetings, review materials and undertake other tasks for us as counsel to BP Exploration. Arnold & Porter and BP Exploration recognize and agree that they will not interfere with your professional judgment and conclusions on analyses, studies, information, communications, opinions and services that you or your associates may prepare and provide at the request of Arnold & Porter in the performance of this retention. It may be that neither you nor Dr. Ginn will be designated as a testifying expert in this matter. In that case, we intend that your work, opinions, conclusions and communications will be covered by the attorney-client privilege and attorney work product rule to the extent provided by law. Whether or not you or Dr. Ginn testify as experts, your services are provided at Arnold & Porter's direction and you agree to do all things necessary to preserve those privileges, including denominating all your communications as privileged and confidential.

You agree that documents and information of any kind that you or Dr. Ginn (or anyone assisting you or Dr. Ginn) has to date acquired or in the future acquires from BP Exploration or from Arnold & Porter will be maintained in strict confidence and not disclosed to any other person or party without the prior written consent of BP Exploration

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and Arnold & Porter. All documentary material provided to you or Dr. Ginn (or to anyone assisting you or Dr. Ginn), together with all copies thereof, must be returned immediately upon request. In addition, any activities that you or Dr. Ginn perform under this retention letter and any conclusions or judgments that you or Dr. Ginn reach or have reached must be maintained as confidential in the same way. These restrictions will continue even after the termination of your consulting work for Arnold & Porter on behalf of BP Exploration. In the event you or Dr. Ginn receive any request to disclose information that you or Dr. Ginn have agreed herein to maintain as confidential, you will immediately advise Arnold & Porter and BP Exploration, and will cooperate with Arnold & Porter and BP Exploration's efforts to pursue legal remedies preventing disclosure or otherwise preserving the privileged or confidential status of such information.

You and Dr. Ginn agree not to consult with, or engage the services of, any other person or entity outside of Exponent to assist you with work under this retention letter without prior authorization from Arnold & Porter, in accordance with the terms of this retention letter.

Subject to advance approval from BP Exploration and Arnold & Porter, you and Dr. Ginn agree that as long as this dispute continues neither you nor Dr. Ginn, nor anyone assisting you or Dr. Ginn, will engage in any activities that are adverse to the interests of BP Exploration or Arnold & Porter's representation of BP Exploration in this matter. Specifically, you and Dr. Ginn will not perform work on behalf of any adverse parties in connection with this matter. You also agree that you and Dr. Ginn will not engage in activities on behalf of other interested parties in connection with this matter, unless Arnold & Porter and BP Exploration consent.

You represent and warrant to Arnold & Porter and BP Exploration that you and your personnel shall abide by the terms and provisions of this retention letter, including, without limitation, the requirement of confidentiality. You also agree that, at Arnold & Porter's or BP Exploration's request, you shall require any or all personnel to sign agreements or statements so providing. Moreover, you represent and warrant to Arnold & Porter and BP Exploration that the personnel are not and shall not be deemed employees of BP Exploration or Arnold & Porter, and that you shall be responsible for your personnel's performance of, or failure to perform, the services covered by this retention letter.

You shall be responsible for and shall release, defend, indemnify and hold Arnold & Porter and BP Exploration, their respective officers, directors, partners, shareholders, employees, affiliates, successors and permitted assigns harmless from and against any and all costs, claims, damages, demands, claims of lien, liens, settlements, losses, actions, legal or administrative proceedings, and liabilities of any kind or nature whatsoever

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(including, without limitation, reasonable attorneys' and consultants' fees, laboratory costs and litigation costs), to the extent that they arise out of your negligent or willful acts or omissions in providing the services specified in this retention letter except to the extent that such liabilities result from the negligence or willful misconduct of Arnold & Porter or BP Exploration, subject to any limitations provided by law, and subject to a limitation on your liability of one million dollars.

Reports and other documents generated, or obtained by you or Dr. Ginn in the course of your work on these matters will be the property of BP Exploration. If authored by you or Dr. Ginn, they will be considered "Works Made for Hire" and you and Dr. Ginn hereby assign all right, title and interest in such works to BP Exploration .

The nature and duration of our retention of you and Dr. Ginn will be determined by Arnold & Porter and BP Exploration and may be modified (with your consent) or terminated at any time for any reason. You may terminate this retention on thirty days' notice to Arnold & Porter and BP Exploration, provided that you may not terminate this retention (i) under circumstances that would impair substantially the ability of Arnold & Porter to carry out its representation of BP Exploration, or (ii) for the purpose of taking on work, whether on not related to this matter, on behalf of Adverse Parties or interested parties.

This retention letter may not be amended or modified, nor any provision waived by any means other than an express writing to such effect that is signed by you, Arnold & Porter and BP Exploration. This retention letter may be executed in one or more counterparts, each of which shall be deemed as originals but all of which together shall constitute one and the same instrument. This retention letter along with Exponent's proposal of May 7 with attachments (attached) constitutes the complete agreement on this matter. In the case of any conflict between the terms of this retention letter and Exponent's May 7 proposal, the terms of this retention letter will control.

We greatly appreciate your help in this matter, and look forward to working with you. Please indicate your agreement with these understandings by countersigning below and returning the original to me.

Sincerely,

ARNOLD & PORTER LLP

By:



Allison B. Rumsey

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ACCEPTED AND AGREED:

Exponent Engineering & Scientific Consulting



Paul Boehm, Ph.D.
Group Vice President & Principal Scientist

DATED: 5/24/2010

cc: Jeffrey C. Conrad, BP Exploration
Jean A. Martin, BP Exploration
Donna B. Ward, BP Exploration

Attachment



Paul D. Boehm, Ph.D.
Group Vice President
Exponent
1 Clock Tower Place
Suite 150
Maynard, MA 01754

**Attorney Work Product
Produced for Counsel
Privileged and Confidential**

telephone 978-461-4601
facsimile 978-461-4699
www.exponent.com

May 7, 2010

Mr. Brian D. Israel
Arnold & Porter LLP
555 Twelfth Street, NW
Washington, DC 20004-1206

Subject: Deepwater Horizon Incident
Exponent Project Number 1002989.000

Dear Mr. Israel:

Thank you for retaining Exponent for technical services related to the above-referenced matter. We will take direction from counsel and/or seek approval from counsel for all privileged work under this agreement. All communications and work product will be marked:

Attorney Work Product
Produced for Counsel
Privileged and Confidential

Exponent's services will be provided on a time-and-expense basis. Charges will include professional fees (commensurate with the level of expertise of the personnel assigned to the project), equipment usage fees, and other out-of-pocket expenses according to our *Schedule of Rates & Charges*, a copy of which is enclosed and made a part hereof by reference.

Exponent's services are provided only in accordance with our *Terms and Conditions of Agreement*, a copy of which is enclosed and made a part hereof by reference. It is our understanding that Exponent's retention on this project is solely with your organization and all charges (i.e., fees and expenses) incurred by Exponent on this project will be the responsibility of Arnold & Porter LLP, independent of other parties/payees involved. If our understanding is not correct and your organization is not responsible for these charges, please have the responsible party sign this letter to signify that the terms are acceptable and Exponent is authorized to commence work as described herein. If invoices should be mailed to an address other than the one above, please provide that information with the signed letter.

Mr. Brian D. Israel
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Based on the information you have provided, we have performed a conflict-of-interest check for the following parties:

- BP Exploration and Production Inc.
- Deepwater Horizon
- Cameron
- Dril-Quip
- Halliburton
- Transocean

Using this information, Exponent has determined that it does not currently have a conflict that would preclude us from assisting you in this matter. Please inform me as soon as possible if this list of parties is inaccurate or incomplete, or if other parties become involved as this matter proceeds.

Please indicate your understanding and acceptance of the terms of retention by signing and returning a copy of this letter. If you have any questions or require additional information, please do not hesitate to contact me at 617-513-1351 or 978-461-4601. We look forward to working with you.

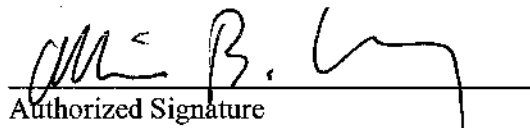
Sincerely,



Paul D. Boehm, Ph.D.
Group Vice President
Principal Scientist

Enclosures (2)

Accepted by:


Authorized Signature

ALLISON RUMSEY
Name and Title

ARNOLD & PORTER LLP
Organization

5/24/10
Date

EX™



CONSULTING SERVICES SCHEDULE OF RATES & CHARGES

PROFESSIONAL FEES

The staff of Exponent comprises highly qualified professionals - both employees and consultants. Exponent charges its clients for services provided according to the skill level of the individual assigned to the client's project. For billing purposes, Exponent provides the following staff classifications that designate relative experience, training, and accomplishment within a technical field together with the range of standard hourly fees charged for their services.

Principal/Officer	Senior-level technical or management person, responsible for technical direction or general management or administration of the Firm.	\$275.00-\$600.00
Senior Manager	Senior technical professional providing high-level or individual consulting assignments, or overall technical direction of projects, may have management responsibility for a technical field within the Firm.	\$225.00-\$450.00
Manager	Senior technical professional providing high-level or individual consulting assignments or overall technical direction of projects.	\$175.00-\$375.00
Senior Engineer/ Scientist/Associate	Experienced technical professional skilled in planning, organizing, controlling, and executing complex, higher-order projects or assignments.	\$150.00-\$275.00
Engineer/Scientist/ Associate	Trained/degreed professional responsible for executing technical assignments in support of client projects.	\$125.00-\$250.00
Technical/Research Specialist	Personnel experienced in instrumentation, programmer testing, library science, or the development or execution of research methodologies in support of technical/engineering projects.	\$ 100.00-\$195.00
Technical/Research Assistant	Laboratory, data processing, engineering-graphics, engineering technician or other personnel responsible for the execution of specialized tasks in support of technical / engineering projects.	\$ 60.00-\$140.00
Administrative/ Non-technical Assistant	Personnel who assist technical staff in various administrative non-technical areas, including scheduling, report productions, communications, logistics, and project support.	\$ 60.00-\$130.00

The above hourly rates represent the professional fees charged by Exponent for work performed within the continental United States. A rate is established for each employee within his/her classification, based on that person's individual qualifications and experience. These rates are modified annually on or about January 1, or otherwise at the discretion of Exponent. For projects conducted outside the continental United States, premium rates may be applied to adjust for cost-of-living differentials. Premium rates may also be applied when, at the client's request, work is to be accomplished in such a way as to increase costs to Exponent. This may occur due to schedule constraints or planned inefficiencies. Premium rates for this work shall be no less than 15% greater than the hourly rates quoted above. Payment is required in U.S. dollars within thirty (30) days after receipt of invoice, or interest charges may be applied.

FIXED-PRICE SERVICES

When the services required or the character of the final work product are sufficiently defined, Exponent may provide such services or deliverables on a fixed-price basis.

SPECIAL PROJECTS

Specialized software, methodologies, services, or technical products developed by Exponent will be charged at rates that reflect development costs and equivalent technical value. Specific prices and terms of agreement will be provided upon request.

EQUIPMENT CHARGES

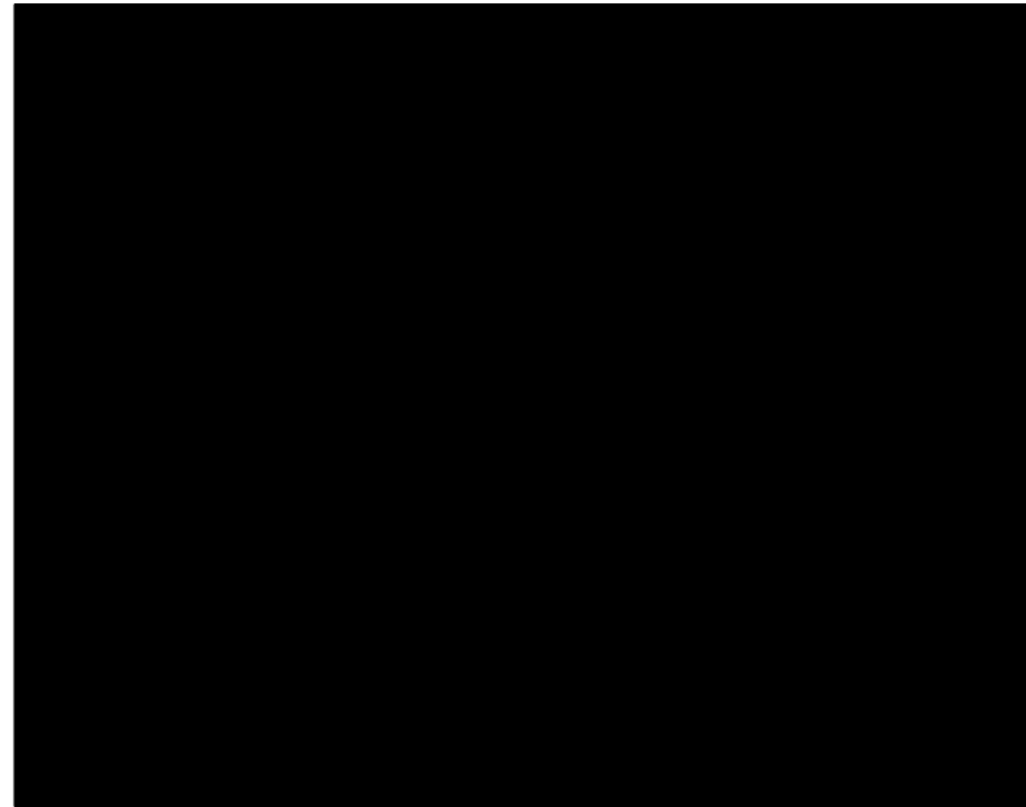
Technical equipment may be used both in-house and in the field to assist Exponent personnel in their work. An hourly access fee is charged for selected equipment, for which examples are the scanning electron microscope and the Materials Test System.

OTHER PROJECT EXPENSES

Air travel is charged at the most effective fare basis for the project involved and is invoiced to the client at Exponent's cost. Exponent personnel below the principal classification charge coach fares per Exponent's policy. Local mileage is charged in accordance with I.R.S. guidelines. Some project expenses requiring administrative processing are charged at cost plus fifteen percent (15%). These may include (but are not necessarily limited to) meals, materials, equipment, outside laboratory tests, outside computer charges, special printing and reproduction, shipping charges, special fees, or supplemental insurance. Consumable materials may be charged in some instances on an applied rate rather than an incurred cost basis. Professional expenses related to legal discovery requirements brought about by Exponent's services will be charged at the above rates.

Exponent®

Rates Valid Through December 31, 2010

Staff	Title	Rate
		

TERMS AND CONDITIONS OF AGREEMENT



CHARGES

Work performed under a fixed-price arrangement will be billed at the agreed fixed amount. Work performed on a time-and-expenses basis will be charged in accordance with the most current Consulting Services Schedule of Rates & Charges of Exponent. Any unusual work not specifically covered by that schedule will be charged at a rate mutually determined to be reasonable in relation to the type of work to be performed.

At the discretion of Exponent, a suitable retainer may be required from the client in advance. Such an amount will be held by Exponent until the final invoice is prepared, at which time the client's account will be reconciled.

Evidence storage and disposal after closure of Exponent's case file will be the responsibility of the client. Upon the client's request, Exponent may agree to provide temporary storage space for a reasonable fee, which the client agrees to pay monthly upon presentation of an invoice from Exponent.

Taxes will be charged where applicable.

PAYMENT

Invoices are typically rendered monthly or in accordance with the agreed upon payment schedule, and are due upon receipt. Outstanding balances past due over 30 days are subject to a delinquency charge until paid. Exponent, without liability, may withhold delivery of reports and other data, and may suspend performance of its obligations to the client, pending full payment of all charges. Exponent reserves the right to decline further work with any client delinquent in payment of charges due to Exponent for previous work, until such balances are paid in full.

EXECUTION OF SCOPE OF SERVICES

Exponent will work in accordance with generally accepted professional engineering practice. No other warranty, express or implied, is made concerning work performed under the agreement, including Exponent's findings, recommendations, specifications, or professional advice.

Exponent will diligently proceed with the contracted work and report to the client in a timely manner, except for delays occasioned by factors beyond Exponent's control, by factors that were not reasonably foreseeable, or by factors initiated by the client.

Work under the agreement will be terminated upon receipt by Exponent of written notice from the client, except that Exponent may complete such analyses, records, and reports as are reasonably necessary to adequately document the work performed through termination. Charges for such work will be kept to a reasonable minimum, not exceeding 10% of total charges incurred through the date of termination. Work under a fixed-price agreement that is terminated before completion will be billed on a percentage of completion basis for effort expended up to the receipt of client's written notice of termination. Work under the agreement may be terminated by Exponent only for just cause. This includes, but is not limited to: development of a material conflict of interest, judicially required participation in onerous discovery or other legal process outside the intended scope of the work, or the presence of circumstances beyond Exponent's control, such as natural disasters or government intervention.

Exponent, unless other specific arrangements are made, will maintain its technical files for 30 days after the final payment is received and the case file is closed. Financial records will be retained according to I.R.S. requirements, but not less than one year after the case file is closed.

MISCELLANEOUS

The client assumes full and complete responsibility for all uses and applications of Exponent's recommendations, or work under this agreement, or failure to use recommendations or work, and agrees to indemnify and hold harmless Exponent, its affiliates, officers, directors, employees, agents, and stockholders against any and all liability, damages, losses, claims, demands, actions, causes of action, and costs including attorney's fees and expenses resulting from the death or injury to any person or damage to any property or any other alleged or actual damages resulting from the aforementioned use, application, or nonuse of Exponent's recommendations or work under this agreement.

The client agrees that in no event shall Exponent, its affiliates, officers, directors, employees, agents, or stockholders be liable for any incidental or consequential damages, direct or indirect, arising from Exponent's services under this agreement.

Exponent will hold in strictest confidence all proprietary information and trade secrets of the client to which it may be given access. Unless otherwise expressly agreed in writing, all reports, recommendations, procedures, and other information provided to the client under this agreement shall be joint property of the client and Exponent, and may be used without restriction by either. However, unless otherwise expressly agreed in writing, Exponent shall retain exclusive rights to all proprietary information, technologies, trade secrets, inventions, or patentable ideas developed during the performance of this agreement.

In any litigation involving the client in which Exponent is compelled by subpoena or court order to testify at a deposition or judicial proceeding, or to produce documents regarding work performed by Exponent, the client agrees to compensate Exponent, at its prevailing hourly rate, for all time spent by Exponent in responding to such legal process, including all time spent in preparing for such testimony. The client also agrees to pay Exponent's reasonable attorney's fees and expenses included in connection with the foregoing. In the event of any such subpoena or court order, Exponent will promptly notify the client to enable the client to object to any such testimony or production of documents.

In the event of a lawsuit between the client and Exponent under this agreement, such lawsuit shall be filed and tried only in a court of competent jurisdiction within San Francisco County, California. California law shall apply to any such proceeding. The prevailing party in any action shall recover from the losing party its reasonable attorney's fees and costs of suit incurred in addition to any other relief granted.