



BP Testimony to House Resources and House Energy

Damian Bilbao, Head of Finance, Developments and Resources

April 25, 2012



BP in Alaska

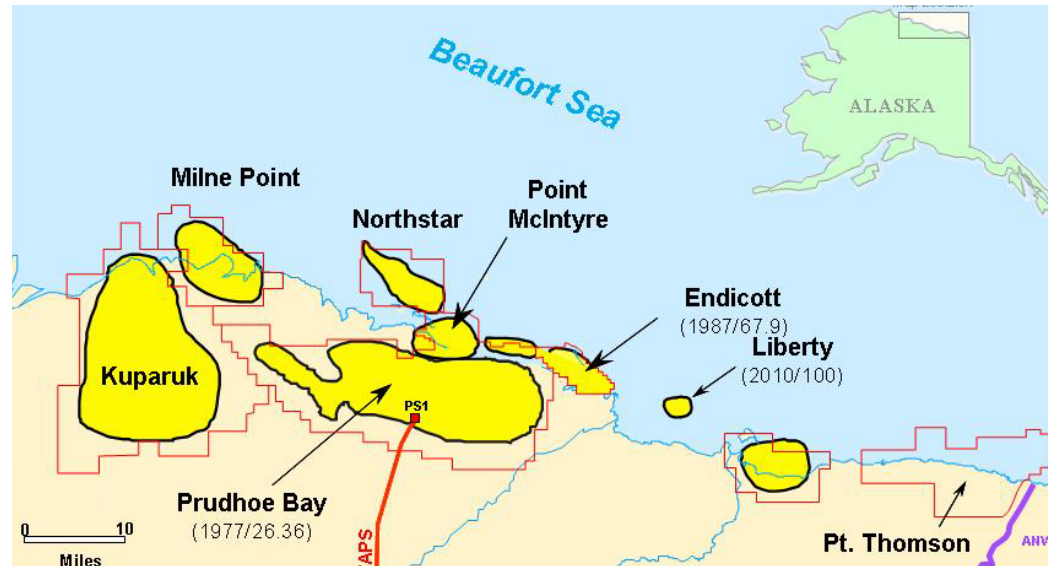
How BP makes investment decisions

What could growth in investment mean for Alaska's future

BP in Alaska since 1959



- 53 years in Alaska
 - Office opened in 1959
- \$13.4 billion in upstream spend with Alaska Firms the last 10 years
- 2,100 Employees (82% Alaska residents)
 - 275 APICC students hired in last 10 years
 - 54 internships, 100+ fulltime jobs in last 5 years
- 6,000+ Contractors
- \$70 million of direct community investment since 2001



Agenda

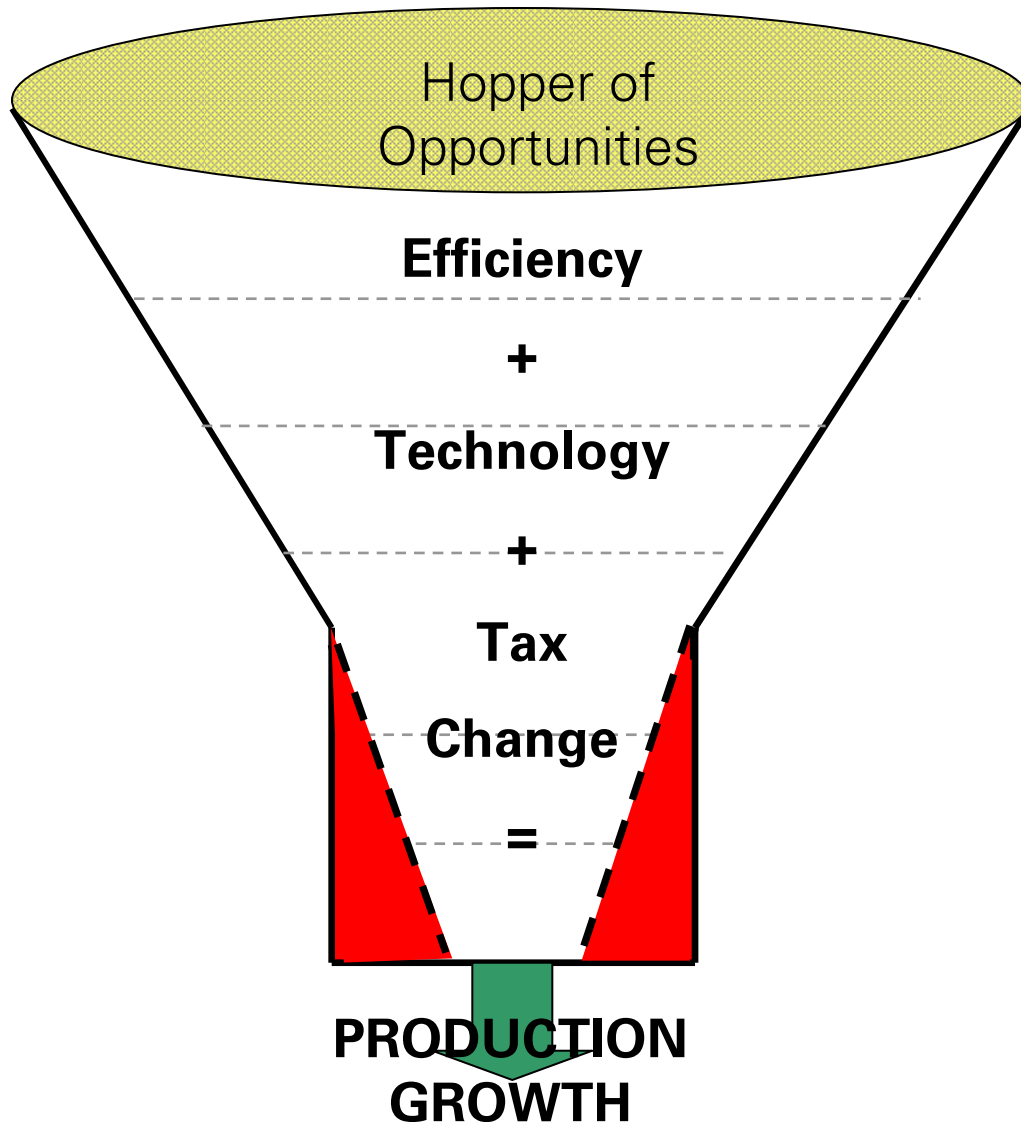


BP in Alaska

How BP makes investment decisions

What could growth in investment mean for Alaska's future

The tax policy will greatly influence how many projects move forward



- Healthy base business
- Brightwater, Multi-lateral drilling, Lo Sal, etc.
- \$5 billion in potential new investment
 - Prudhoe I Pad
 - Kuparuk Eastern NEWS
 - Prudhoe Sag @ scale
 - Add'l drilling in legacy fields

Agenda



BP in Alaska

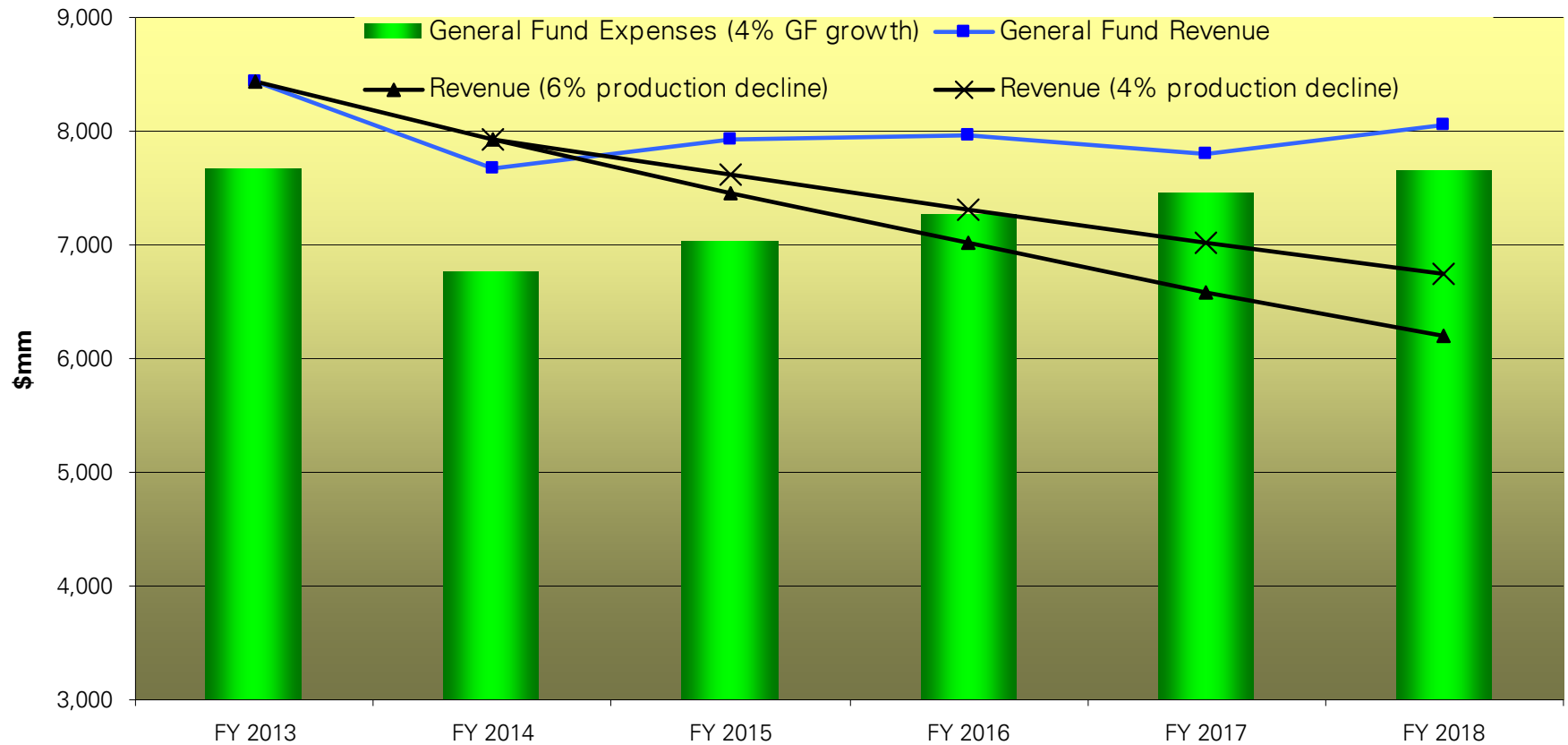
How BP makes investment decisions

**What could growth in investment mean for
Alaska's future**

Declining production is a crisis



GF Revenue versus Appropriations FY13 to FY 18
Spring 2012 Revenue Forecast With 4% GF Growth beginning in FY2014

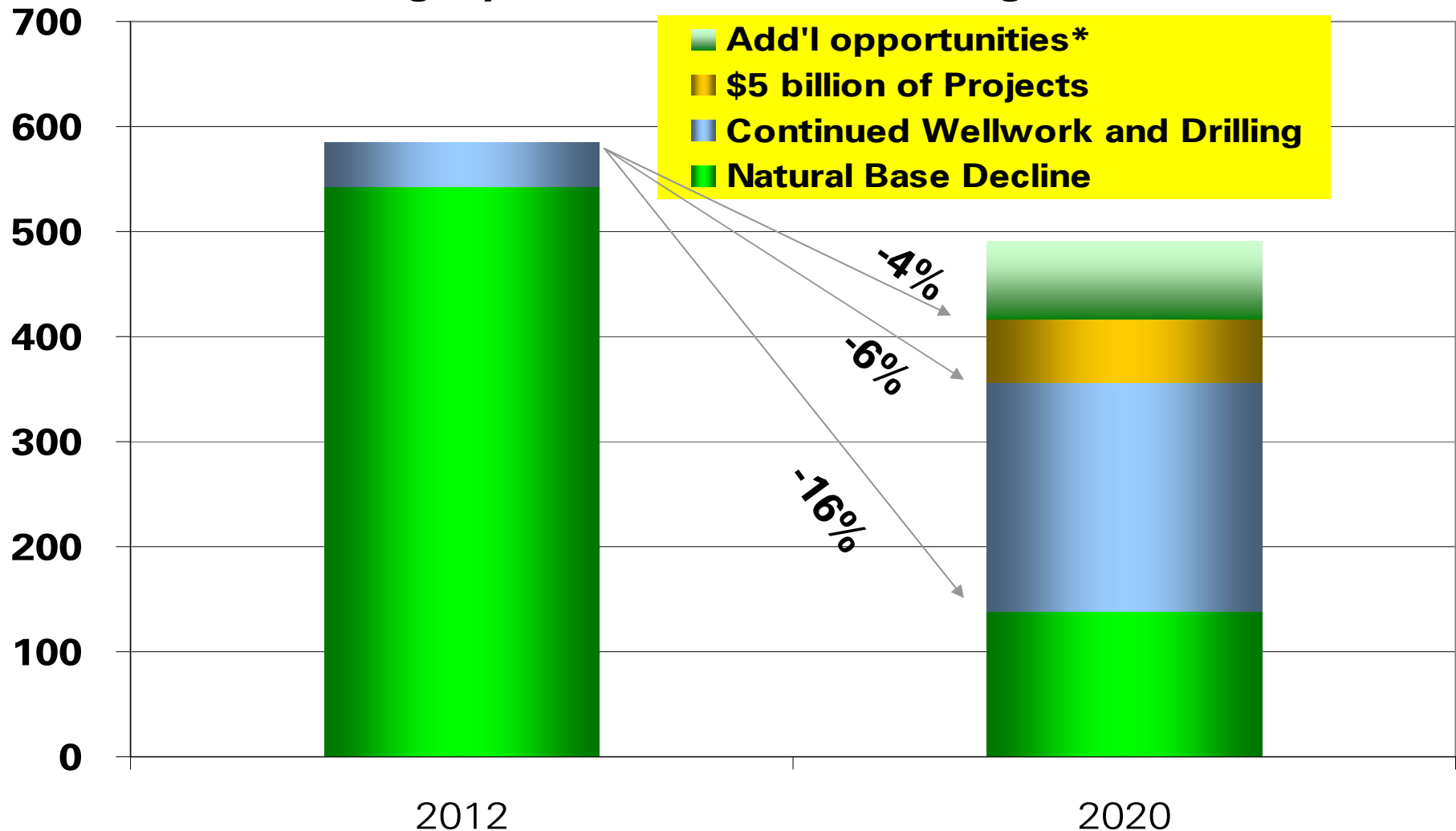


Source: Office and Management and Budget presentation to House Resources, April 25, 2012

Two-thirds of production in 2020 derives from activity performed from 2012 to 2020



Legacy Field Production mb/d gross



* Indicative

Key Messages



- ACES is a no growth policy that bets Alaska's future on high oil prices
- Legacy fields are the only near-term option for new production
- If taxes do not change, our business will have to
- Other regions, like Alberta, have lowered taxes and increased investment and production