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February 15, 2012

The Honorable Joe Paskvan
Co-Chairman, Senate Resources Committee
State Capitol Building, Room 115
Juneau, AK 99801-1182

Dear Senator Paskvan:

Thank you for the invitation to testify before the Senate Resources Committee and please accept my apologies as work commitments require me to be out of the country this week.

BP Exploration (Alaska), Inc. (BPXA), as operator of the Prudhoe Bay Unit, Northstar Unit, Milne Point Unit and Duck Island Unit (Endicott), conducts unit operations under Plans of Development (POD) approved by the State of Alaska, Department of Natural Resources (DNR). The requirements for a POD are set forth in the Alaska Administrative Code and the applicable Unit agreements. The POD is approved at or shortly after formation of each Unit, and each Participating Area (PA) within a Unit.

PODs are generally updated on an annual basis. BPXA, as Operator of the above mentioned Units, files approximately 15 POD updates annually following POD reviews with the DNR and other interested agencies (e.g. AOGCC and BOEMRE). These reviews are generally scheduled just prior to submittal of the POD and give the agencies and the unit operator a chance to review and discuss the POD. Following the submission of each PA POD, the DNR will respond stating whether the POD is deemed complete. Once the POD is deemed complete, the commissioner has 60 days to consider the POD update for approval.

The development plans submitted by BPXA on behalf of the working interest owners of the fields we operate have laid the foundation for a track record of success. As a case in point, total cumulative production from the Prudhoe Bay Unit initial participating area has already substantially exceeded the ultimate recovery that was projected when the field began operation. But that success is becoming more difficult to sustain. North Slope production is declining at an annual rate of approximately six percent. As we have indicated in the past, a revised fiscal environment will facilitate progression of more projects that will have an impact on the expected decline rate.

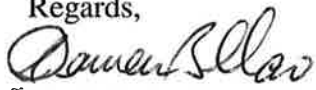
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BPXA appreciates the opportunity to illustrate the POD process we follow for our operated North Slope units. We look forward to continued dialogue on the critical question of how to stem production decline and improve the investment climate on the North Slope.

Regards,


DAMIAN BILBAO
ON BEHALF OF
Claire Fitzpatrick