BP Testimony to Senate Resources

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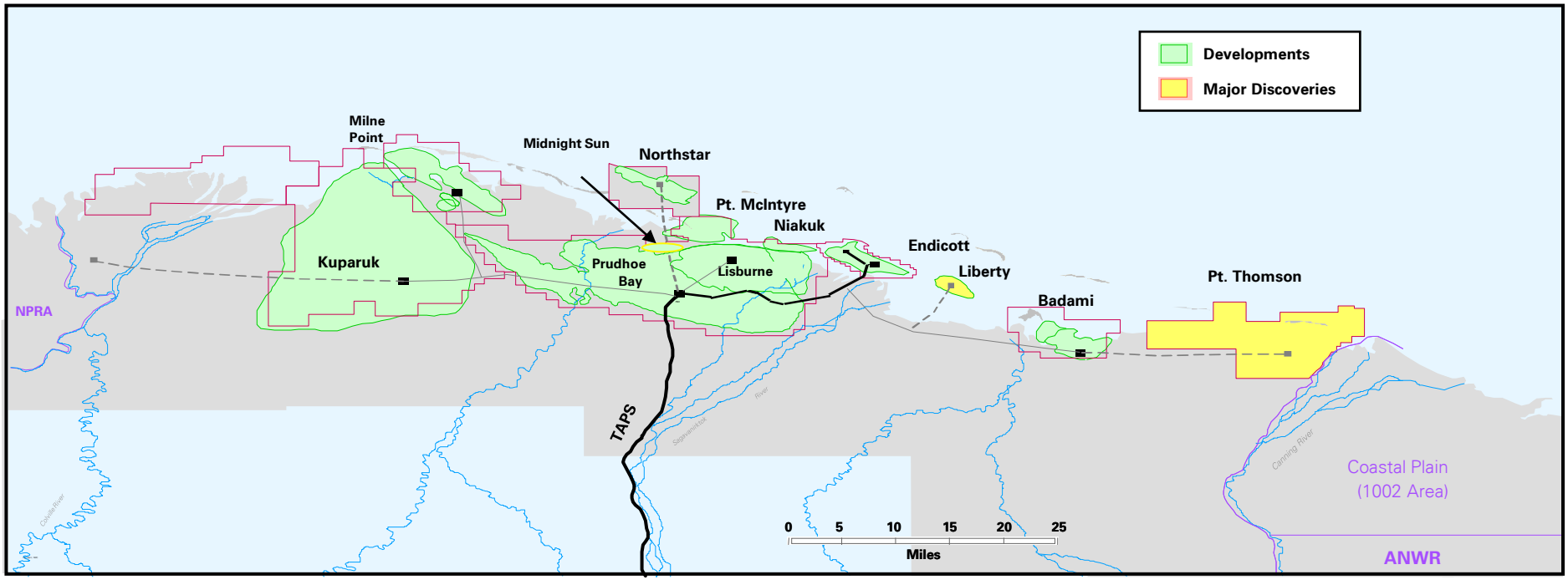
Prudhoe Bay – 35 years later……

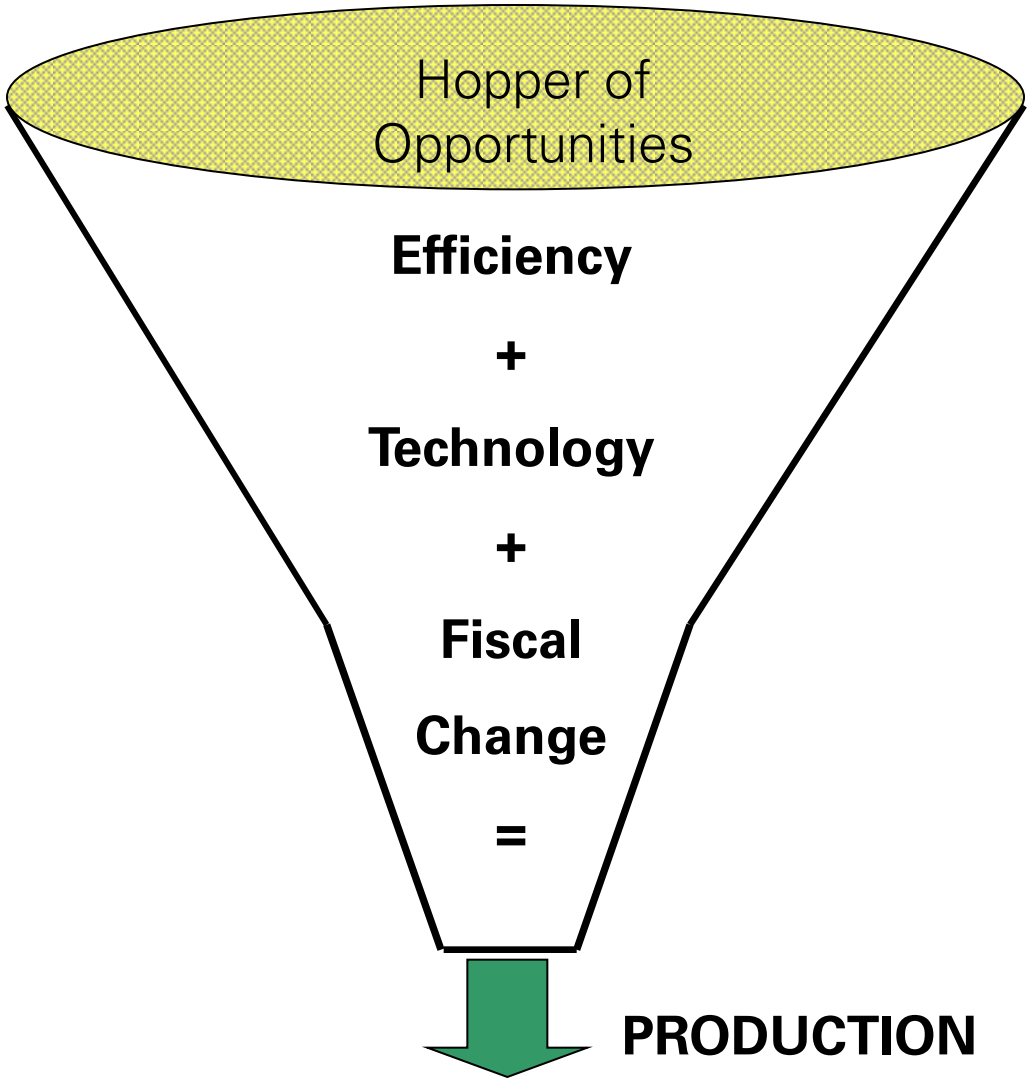


Ownership

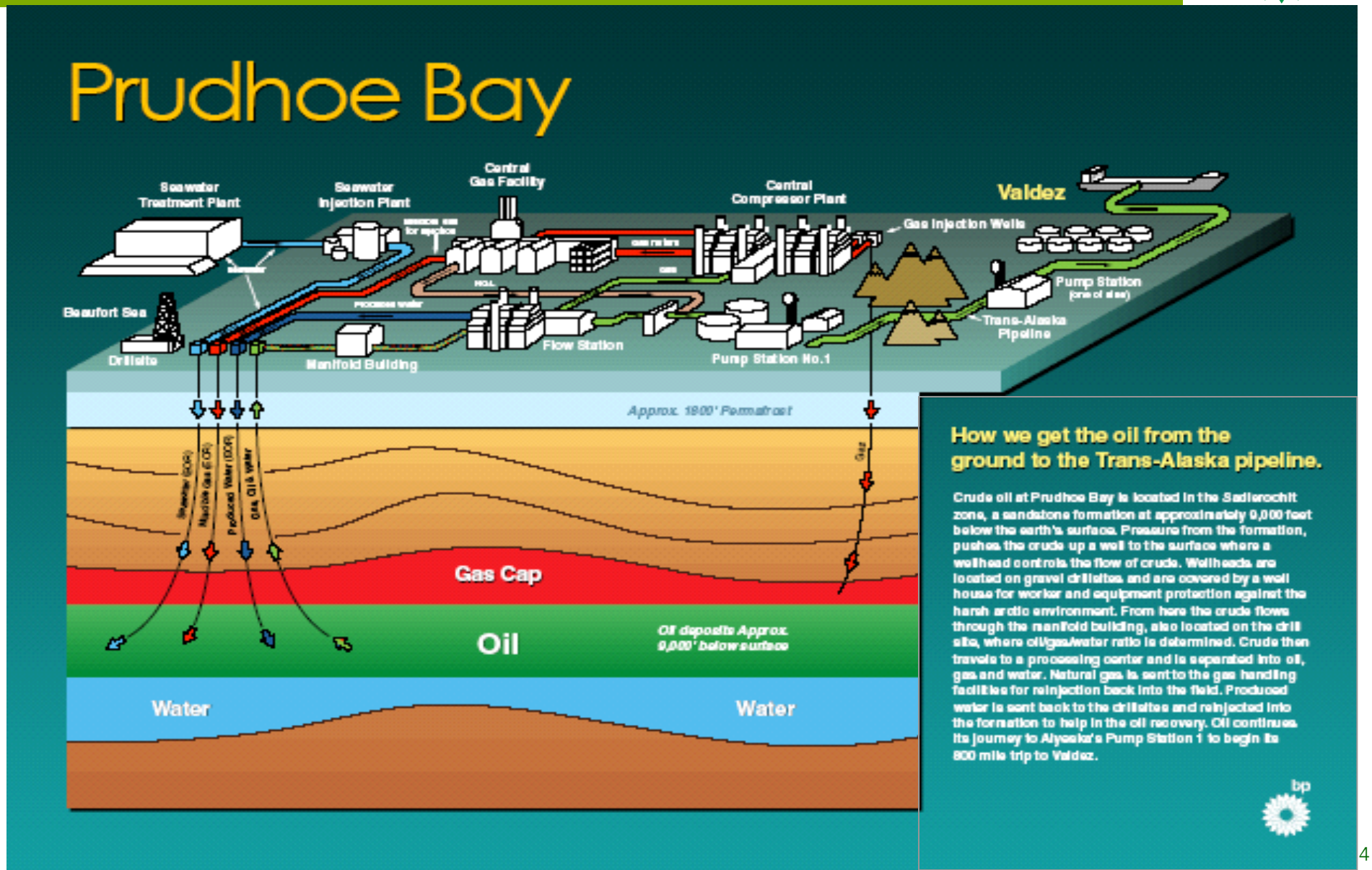
- ConocoPhillips ~ 36%
- ExxonMobil ~ 36%
- **BP ~ 26%**
- Chevron ~ 1%

- Prudhoe Bay is the largest field in North America
  - Over 300 sq miles
  - Original in place: ~23 billion bbls; ~40 trillion cubic feet
  - Over 12 billion bbls recovered
- 200+ Society of Petroleum Engineers technical papers have been written

What Drives Investment?



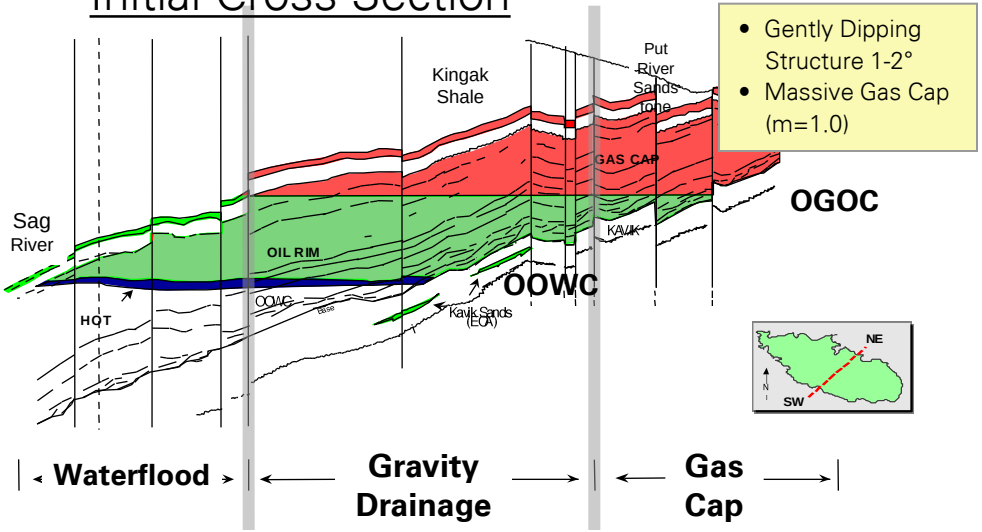
Prudhoe Bay - Largest Field in North America



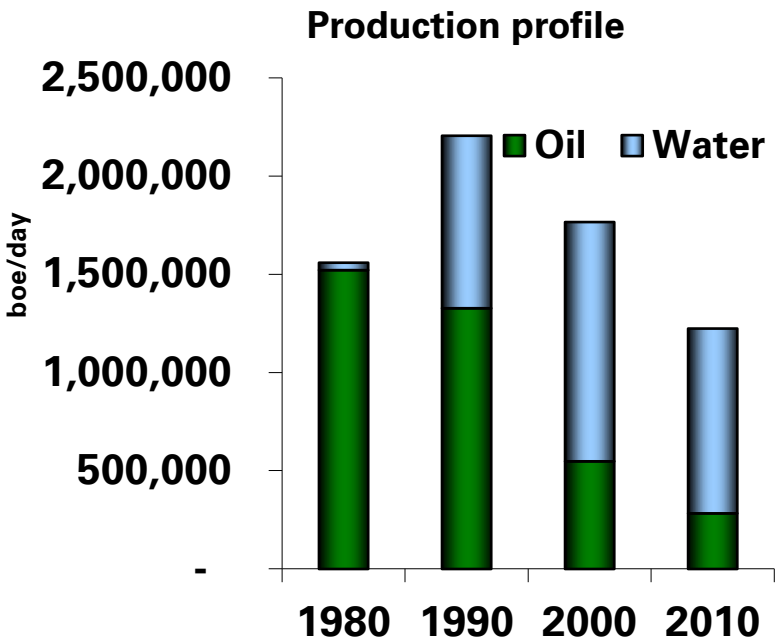
Alaska has historically driven global technology

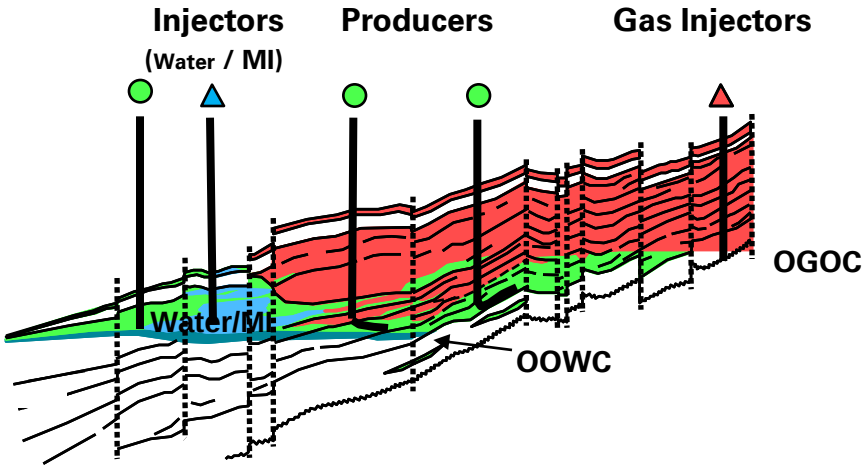
- Gravity Drainage
- Vaporization (Lean Gas Injection)
- Waterflood
- Miscible Gas Injection (MI)
- Drilling Technology

Initial Cross Section



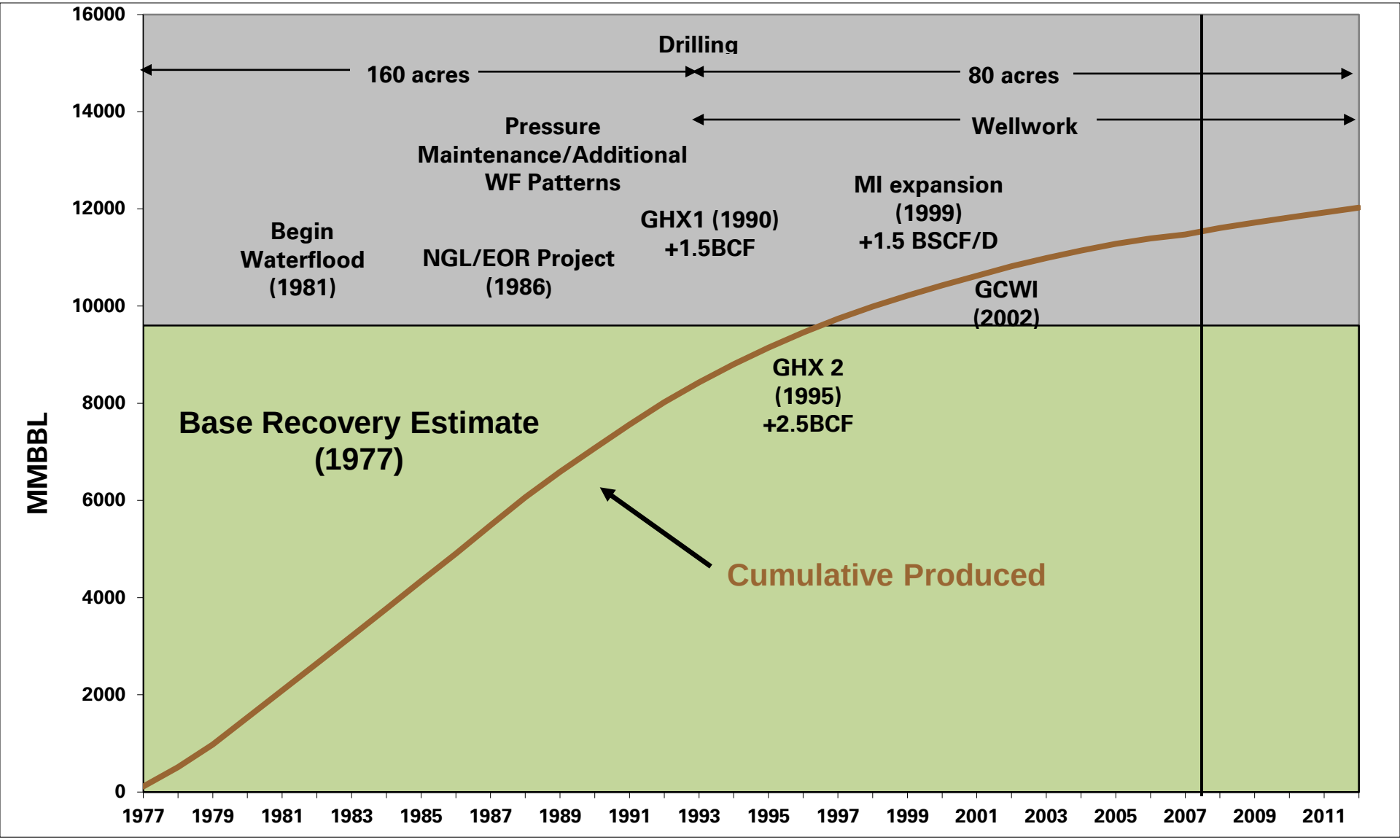
- Gently Dipping Structure 1-2°
- Massive Gas Cap (m=1.0)



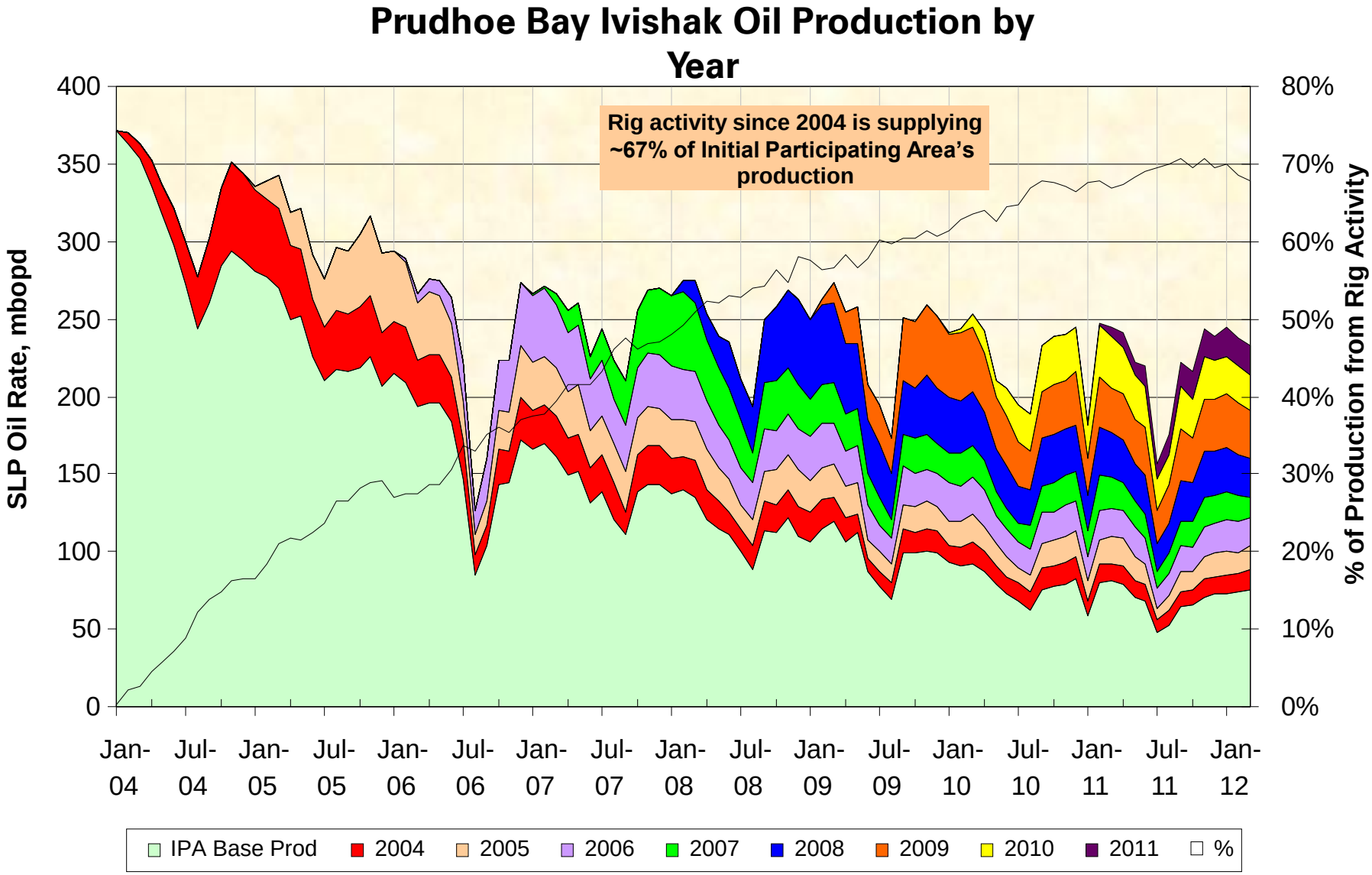


Current Cross Section

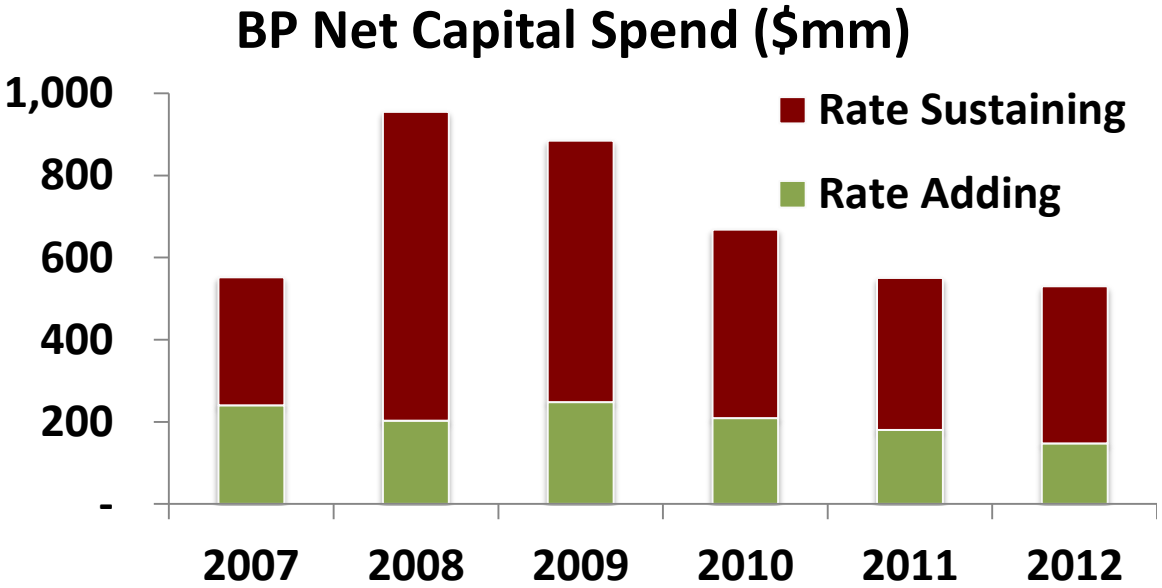
ACES discourages investment in technology



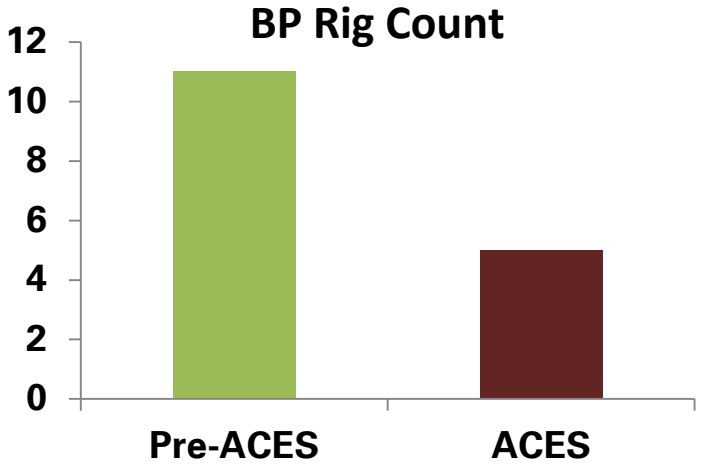
Without investment production declines sharply



Government policy is driving investment down



Excludes Liberty and mid-stream investments



- TAPS is three-quarters empty
- Policy drives investment decisions
- Producers control efficiency and technology
- State Gov'ts direct fiscal policy to compete for investment

In summary

- BP has been in Alaska for over 50 years
- Billions invested in development and technology advancements
- Leveraged technology to exceed original production expectations
- Significant opportunities remain, but they are economically and technologically challenged
- Increasing production will require new long-term technology investments