

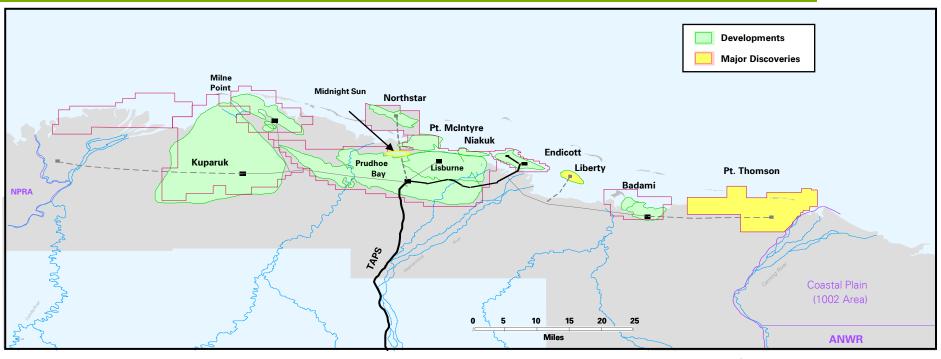
BP Testimony to Senate Resources

Damian Bilbao, Head of Finance

Scott Digert, Reservoir Management Team Lead
February 8, 2013

Prudhoe Bay – 35 years later.....





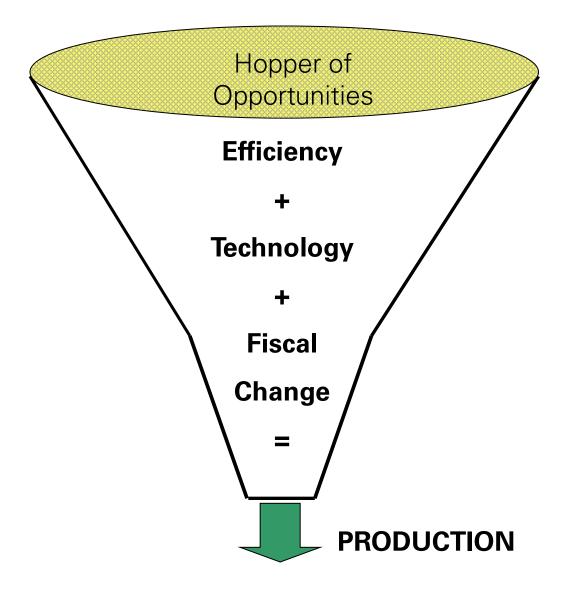
Ownership

- 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?

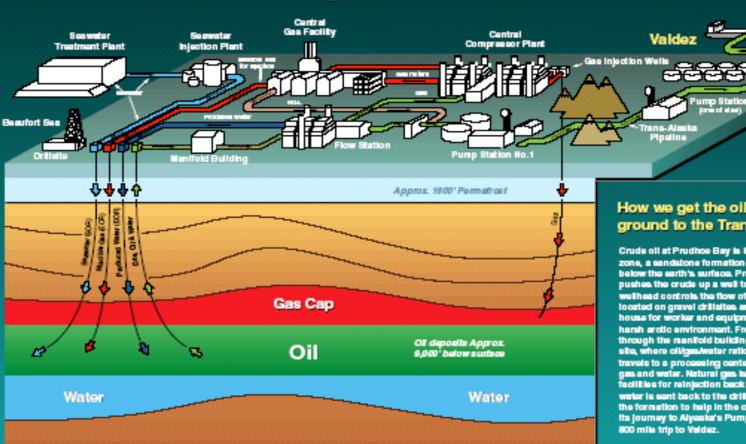




Prudhoe Bay - Largest Field in North America



Prudhoe Bay



How we get the oil from the ground to the Trans-Alaska pipeline.

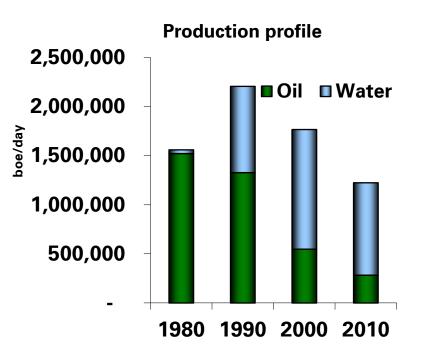
Crude oil at Prudhoe Bay is located in the Sadierochit zone, a sandstone formation at approximately 9,000 feet below the earth's surface. Pressure from the formation, pushes the crude up a well to the surface where a wellhead controls the flow of crude. Wellheads are located on gravel drillsites, and are covered by a well house for worker and equipment protection against the harsh arctic environment. From here the crude flows through the manifold building, also located on the drill site, where oli/ges/water ratio is determined. Crude then travels to a processing center and is separated into oil, gas and water. Natural gas is sent to the gas handling facilities for reinjection back into the field. Produced water is sent back to the drillsites and reinjected into the formation to help in the oil recovery. Oil continues. Its journey to Alyeska's Pump Station 1 to begin its

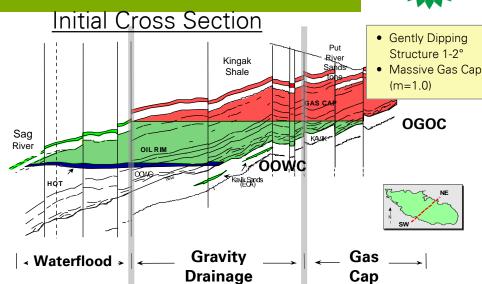


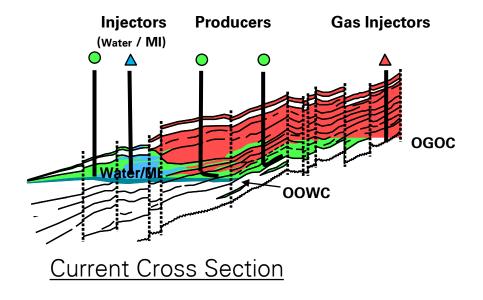
Alaska has historically driven global technology

Бр

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

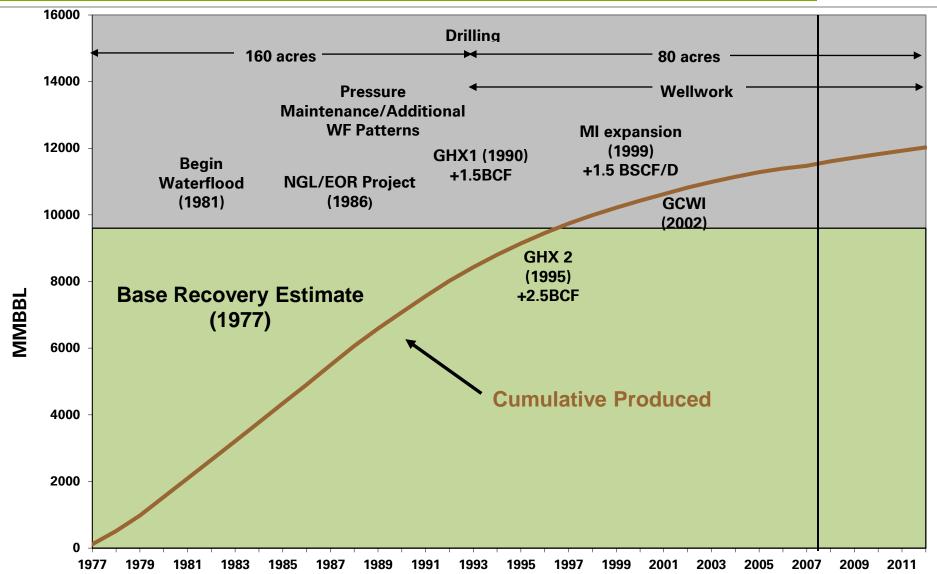






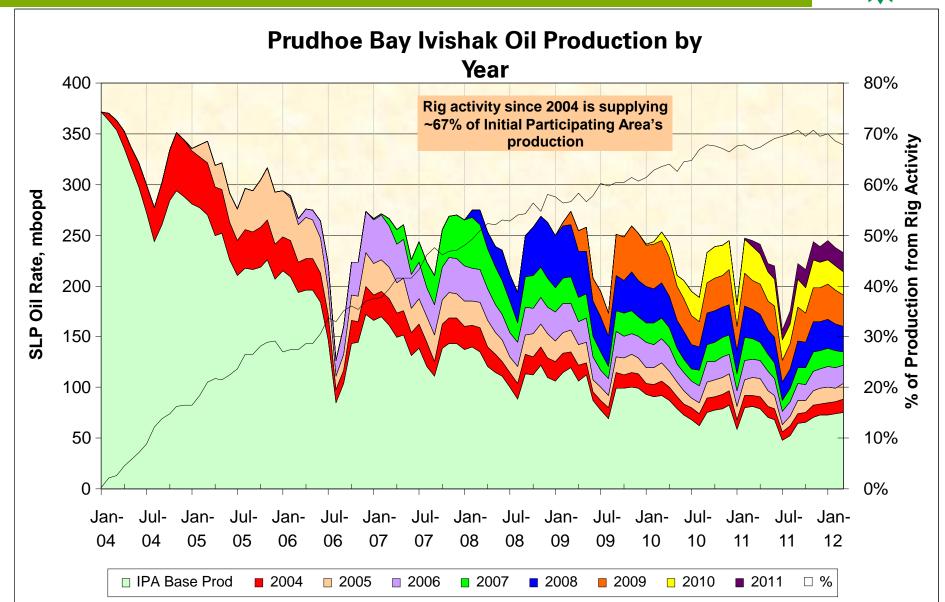
ACES discourages investment in technology





Without investment production declines sharply

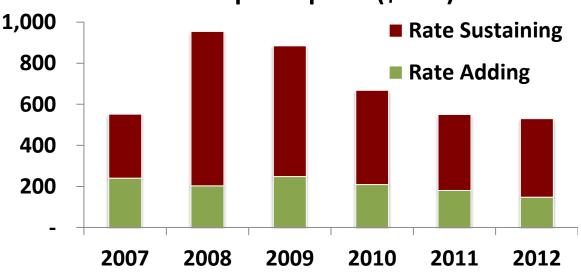




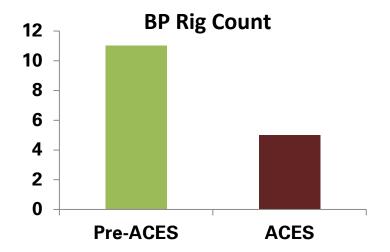
Government policy is driving investment down



BP Net Capital Spend (\$mm)



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 longterm technology investments