



BP Testimony to Senate Finance

Damian Bilbao, Head of Finance

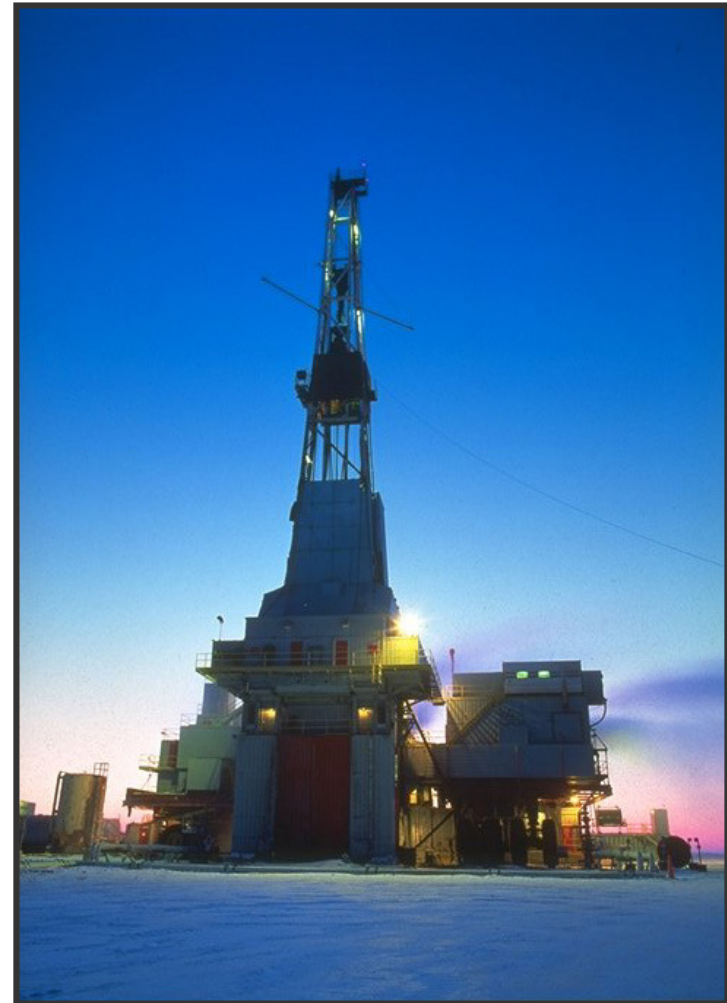
March 5, 2013

BP in Alaska



BP presence in Alaska since 1959

- **Operating area**
 - 250 miles north of the Arctic Circle
 - 1200 sq. miles (approximately the size of Rhode Island)
 - Winter temperatures average minus 30 degrees F
- **People**
 - 2,300 BP Alaska employees
 - 6,000 contract employees
- **Facilities (start-up 1977)**
 - 11 major production facilities
 - 2 major gas facilities
 - 3 water handling facilities
 - 2000 production/injection wells
- **Prudhoe Bay**
 - Original production estimate ~9.6 bn bbls
 - Cumulative production has exceeded 12 billion bbls
 - Largest field in North America – 35 years
 - COP ~36%, XOM ~36%, BP ~26%, CVX ~2%

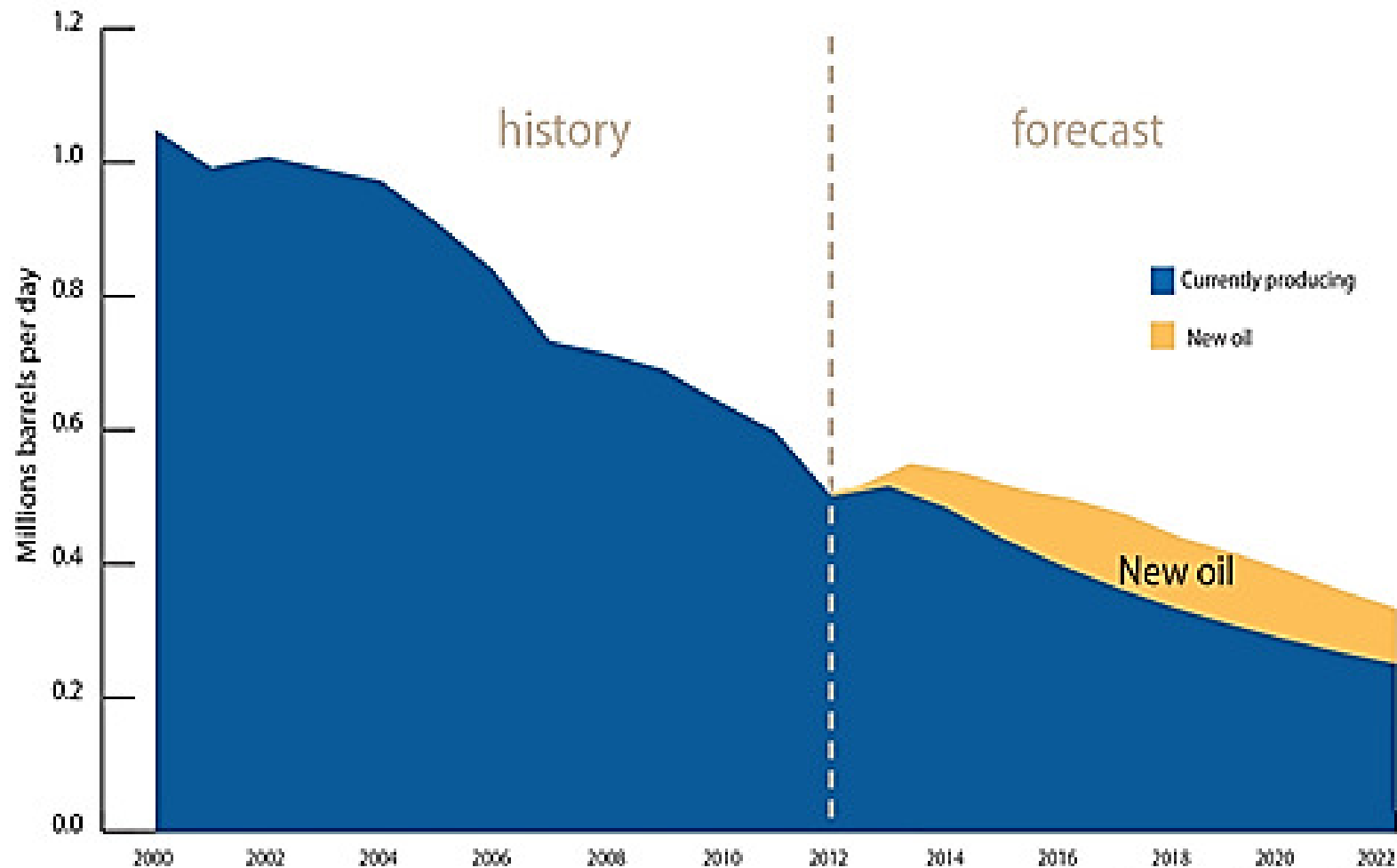


Decline is enemy #1



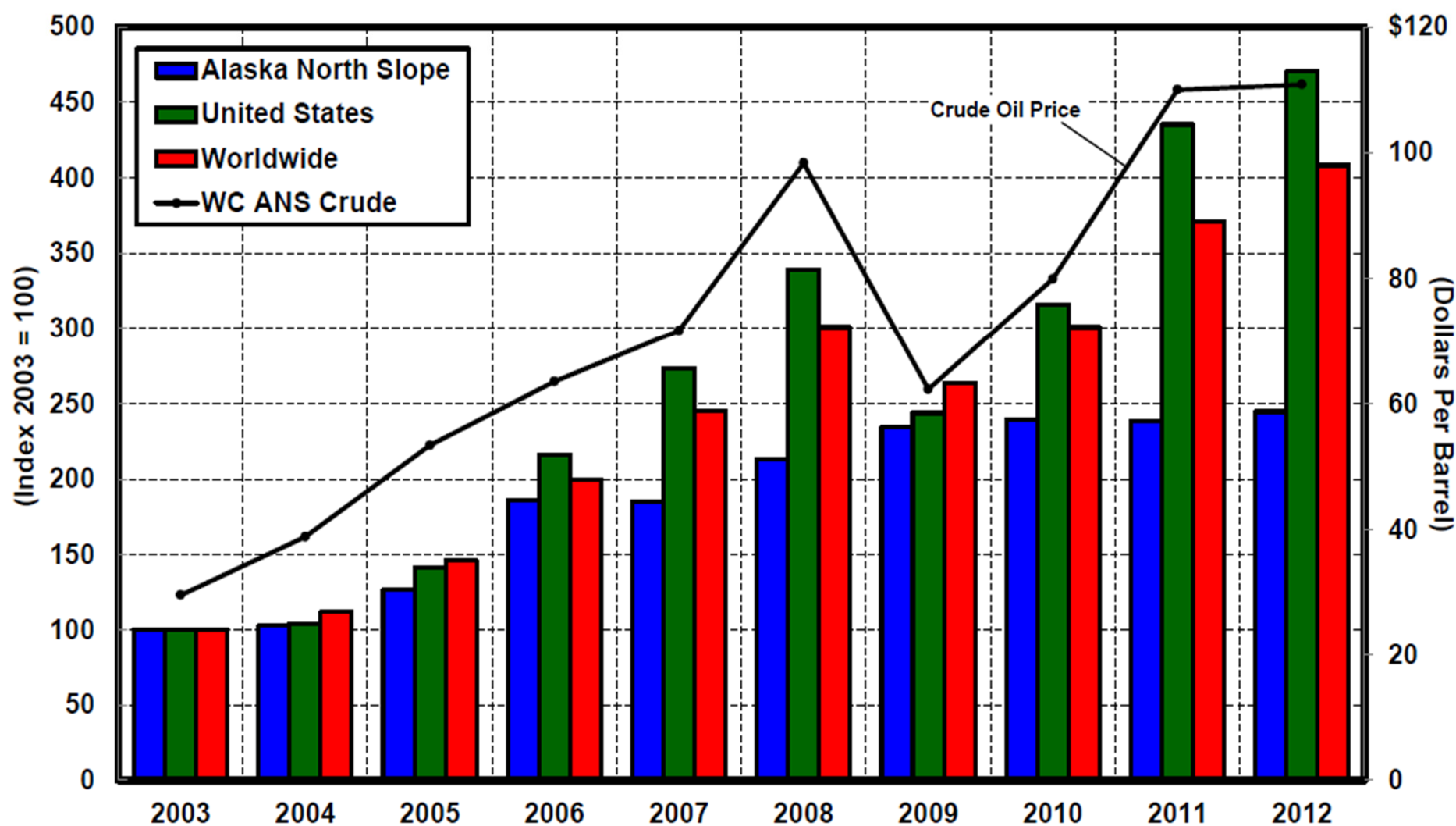
Alaska North Slope Production

FY 2000-2012 and Forecasted FY 2013-2022



Source: Department of Revenue - Dec. 2012

Estimated Capital Spending for Exploration and Development Alaska North Slope vs. United States and Worldwide Spending* 2003 - 2012

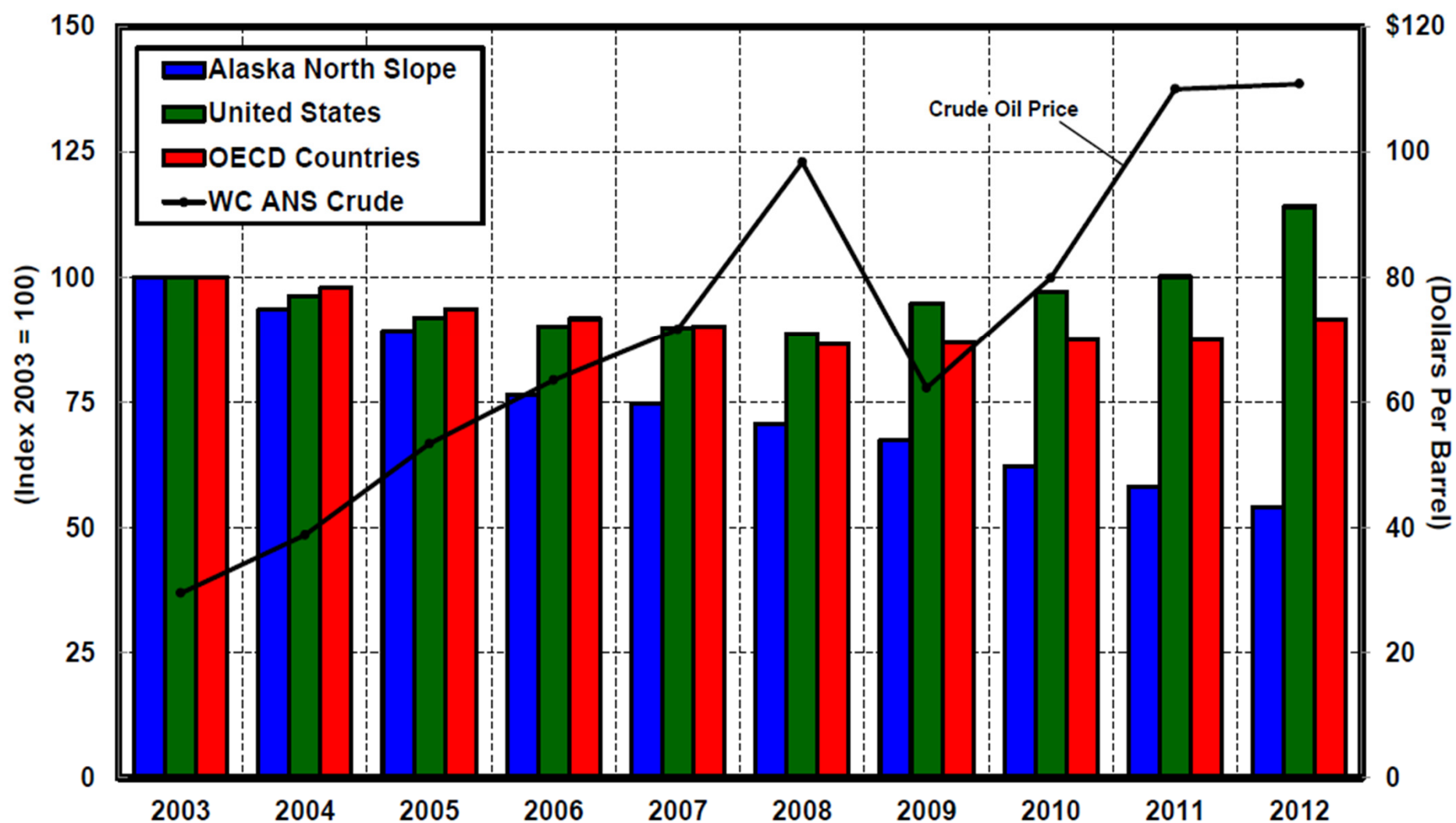


* North Slope based on tax return information; U.S. based on top 50 public companies; worldwide based on top 75 public companies

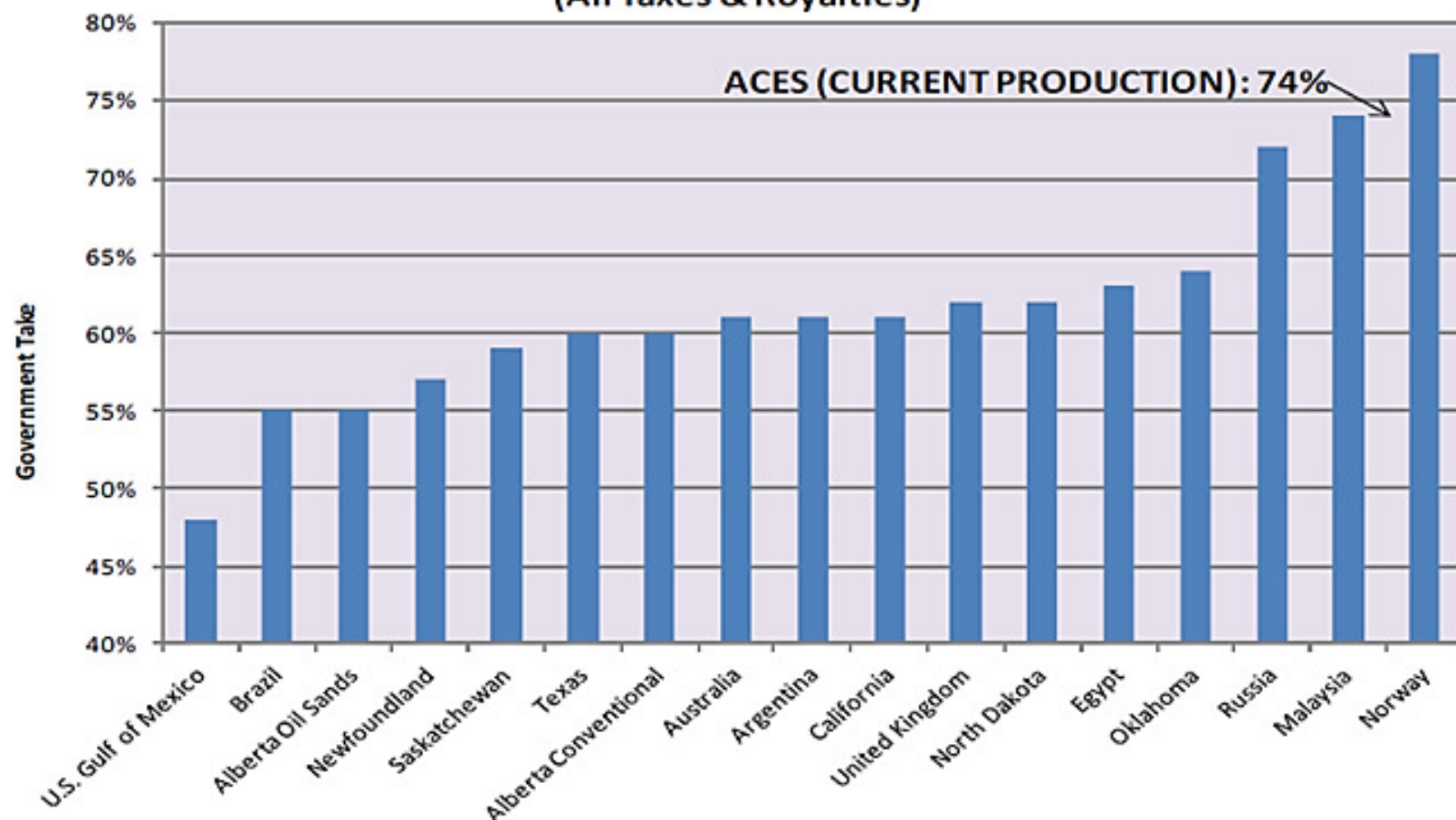
Crude Oil Production

Alaska North Slope vs. United States and OECD Countries

2003 - 2012



Alaska Peer Group*
Government Take at \$110/bbl Market Price
 (Total Taxes as a Percentage of Net Value)
 (All Taxes & Royalties)



* North America regimes (U.S. states & Canadian provinces with greater than 200,000 bbl/day prod)

Tax & royalty regimes

Arctic regimes

Regimes with similar production and reserves (between 400,000-800,000 bbl/day prod and between 2-6 billion bbls proved reserves)

Source: PFC Energy except Newfoundland, Saskatchewan, California, Oklahoma

In summary



- Alaska currently fails to compete globally for investment
- Positive shift in the conversation to a policy that focuses on Alaska's future
- The CSSB 21(RES) structure could work, however:
 - the base rate is too high
 - the GRE does not apply to legacy fields