

SCOMM

118:2



BP Exploration's Commitment to Alaska

Presentation to the House Oil and Gas Committee
- February 18, 1999 -

5-2-99

BP in Alaska . . .



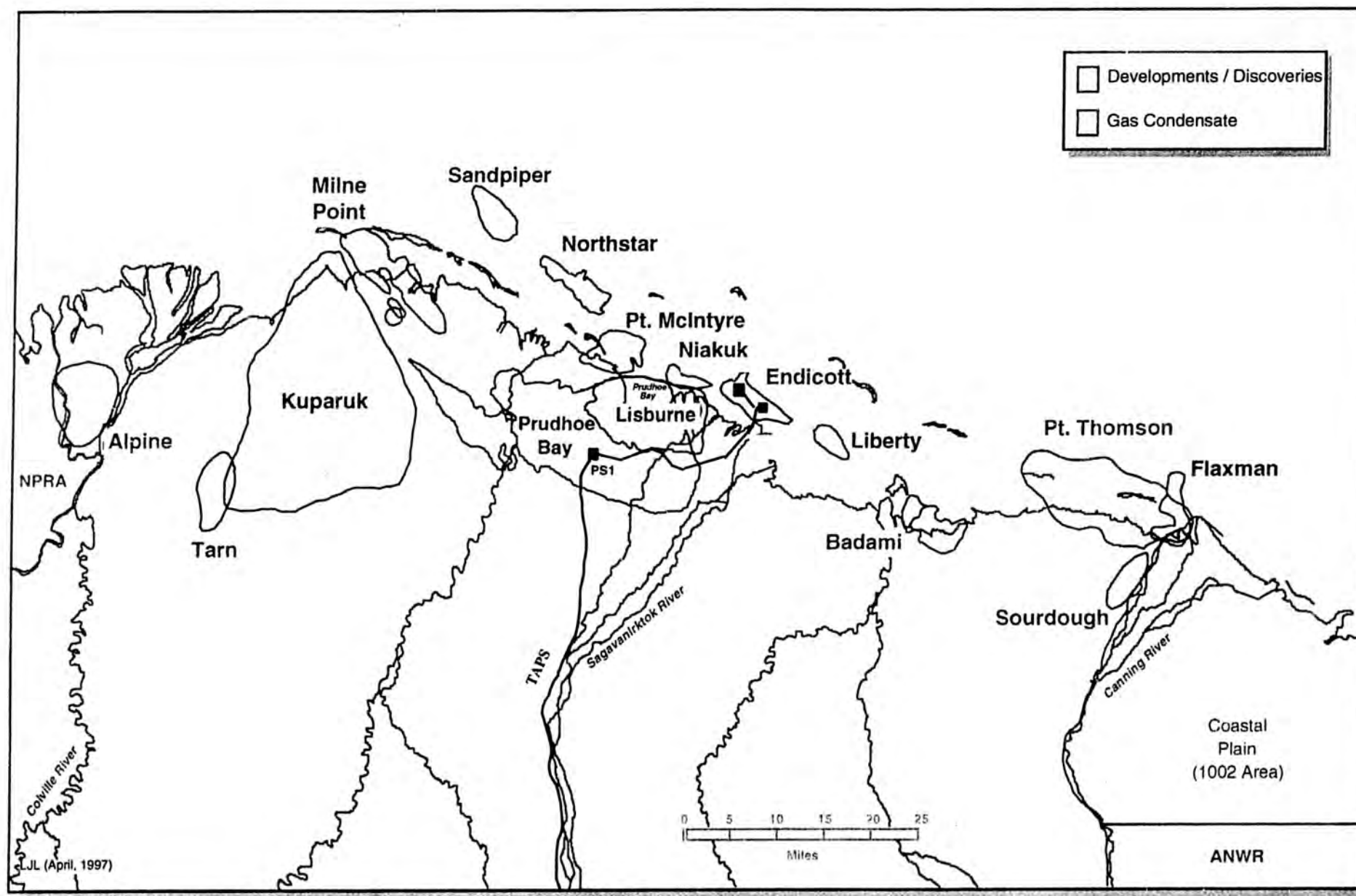
Together we're building on Alaska's future

BP Exploration is taking an Alaska pledge to hire, buy and build locally whenever possible. And it's working. To 1992, we spent more than \$1,000,000,000 in Alaska in our operations and developments. And through new projects like Northstar and Badami, we're helping to foster a new business in Alaska. And our production facilities built locally by Alaskan companies. Alaska and BP, our new partnership is becoming apparent.

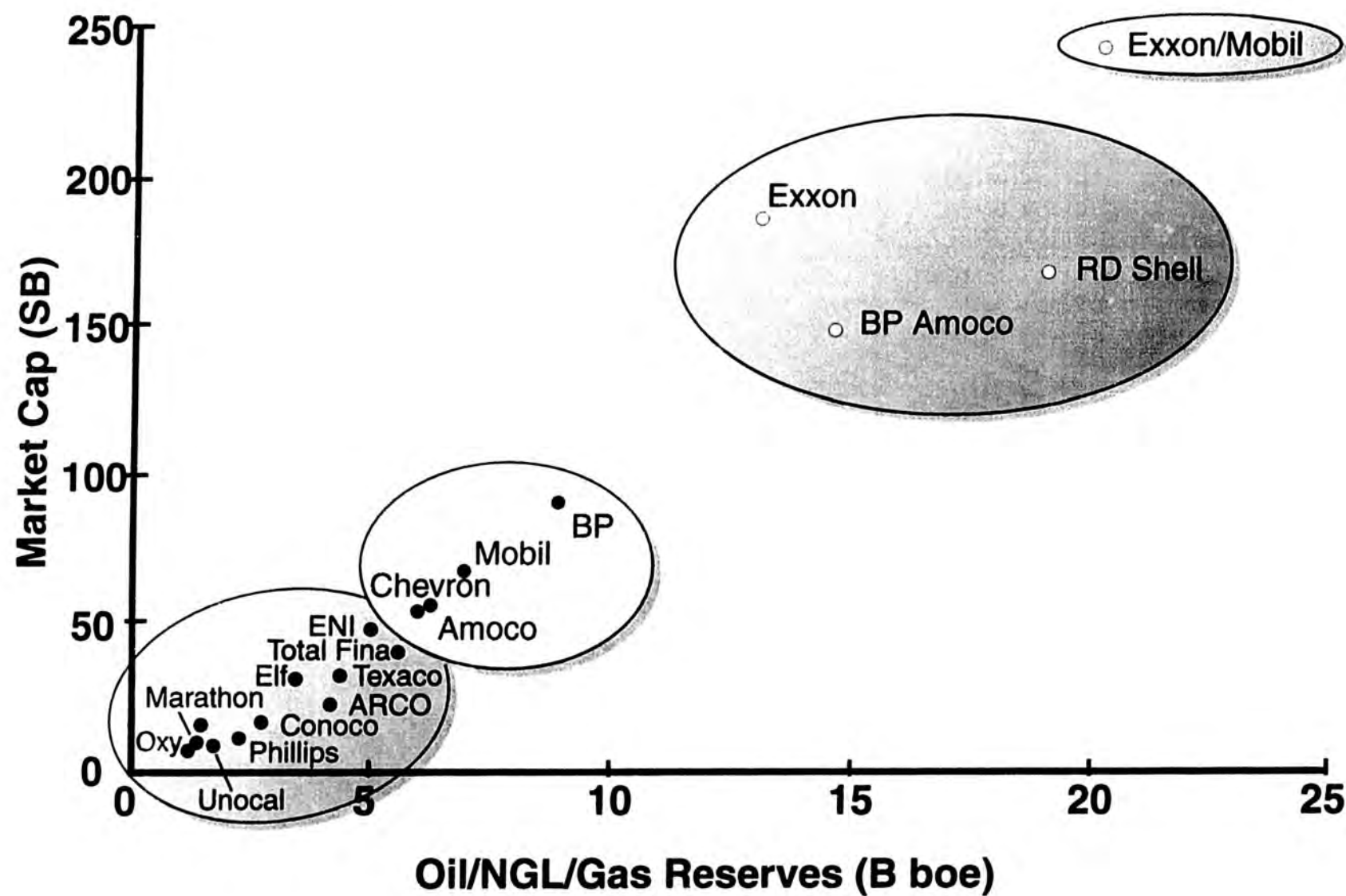
#1 investor in Alaskans

- **Active since the 1950s, confirmed Prudhoe Bay discovery in 1969**
- **Largest producer of oil in Alaska**
- **Largest producer of oil and gas in the U.S.A.**
- **Operator or co-owner in:**
Prudhoe Bay, Endicott, Milne Point, Kuparuk, Lisburne, Niakuk, Pt. McIntyre, Badami, Northstar, Liberty, etc.
- **50% owner of Trans-Alaska Pipeline**
- **Alaska's number one investor and tax payer**
- **750 BPX(A) staff in new organization, 82% Alaska residents**
- **A subsidiary of BP Amoco Plc.**

North Slope Fields



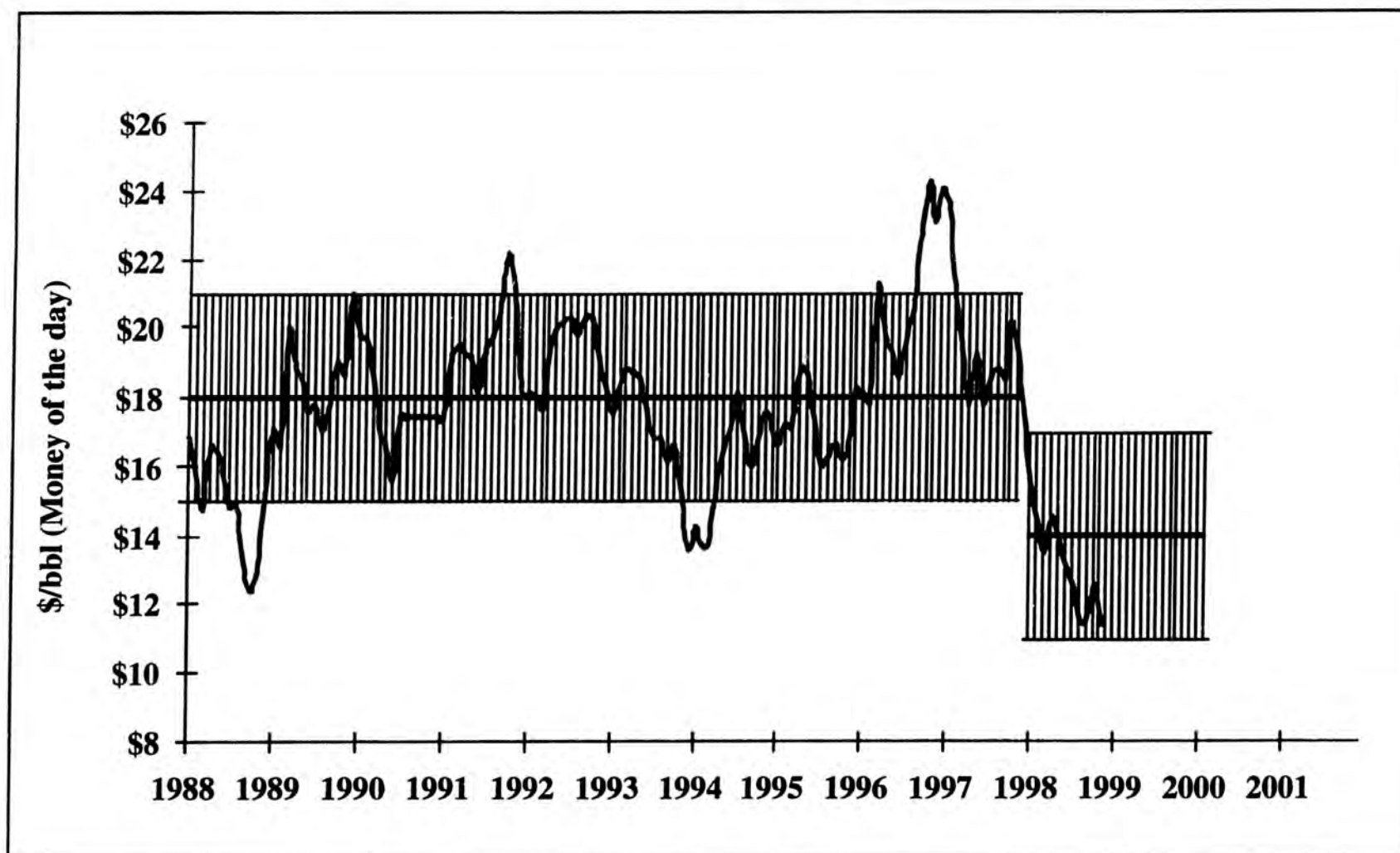
World Oil Industry



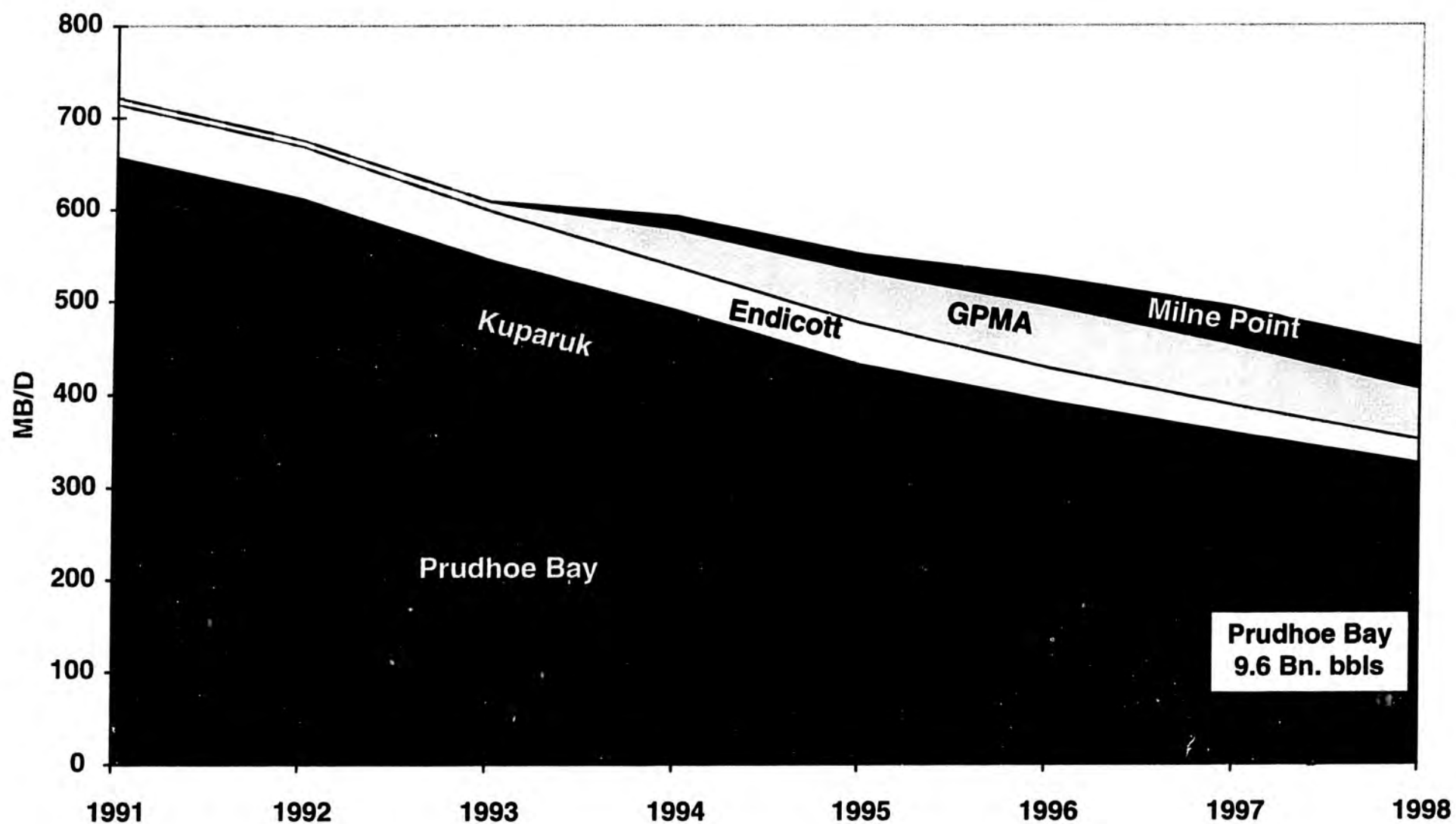
Oil Price: A New Range?



Entering a new era of lower oil prices



BPX(A) Production Profile



Compelling Reasons for Change



$$(Oil\ Price \times Production) - Costs = Profit$$

BPX Alaska Business Challenges:

- ① **Oil Price:**
 - Decrease in revenue
- ② **Production:**
 - On decline
- ③ **Costs:**
 - Trending up
- ④ **Profitability / Cash Generation:**
 - Pursuing cash neutrality in 1999

BPX(A)'s Response to the challenge



- **Reduced drilling**
- **Slowing down new development activity**
- **Workforce reductions**
- **Increased focus on third party spend**



BPX(A) Activity Set

- **Northstar moving ahead**
- **MIX**
- **Pt. McIntyre EOR**
- **Exploration - 3D Seismic, Red Dog well**

\$1.5 billion spend on Alaska

North Slope Gas



- **Current uses of gas**
- **Gas market overview**
- **BPX(A)'s gas commercialization efforts and outlook**
- **Near term focus on oil**



Our Commitments

- **Health, Safety, and the Environment**
- **People**
- **Alaska Hire / Buy**
- **Community**
- **Long term future in Alaska**