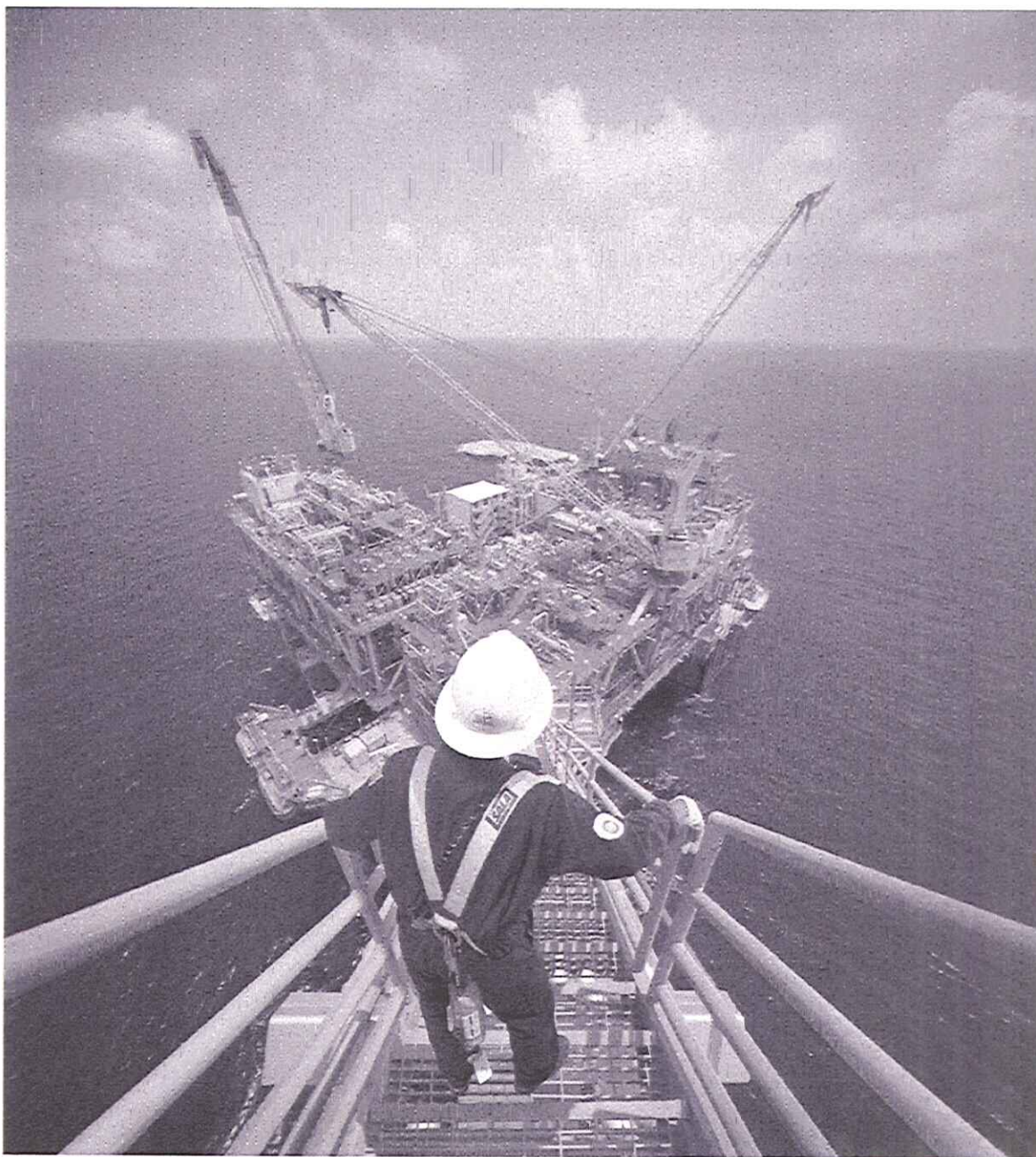




Gulf of Mexico Strategic Performance Unit
Oil & Gas Operations
Verified Site Report: 2007-2009

EXHIBIT # 2394
WIT: _____



CONFIDENTIAL

BP-HZN-2179MDL01641663

BPD188-011180

Table of Contents

Foreword.....	3
Description of our Operations.....	4
Managing Environmental Risk.....	4
Environmental Performance.....	5
Way Forward.....	9
List of Abbreviations.....	10
Contact Information.....	11

Foreword

The BP Gulf of Mexico Strategic Performance Unit (GoM SPU) is committed to being a responsible operator in the Gulf of Mexico, where we strive to continually improve our environmental performance.

During the reporting period from 2007 to 2009, the GoM SPU made progress in the Environmental area. These accomplishments included successfully maintaining our ISO 14001 certification, widening our scope by certifying two new offshore facilities, two supporting rig vessels, and one onshore facility, redirecting 436 tonnes of municipal trash from the landfill over the last three years, reducing the number of BP reportable spills, and increasing energy efficiency efforts throughout the GoM. In addition, we have introduced a standardized Operating Management System (OMS) across our operations. OMS is a fully integrated system which addresses the whole range of our operating activities and integrates all of the BP's operating standards and requirements into one system.

Greater transparency and communication are keys to improved performance. This verified site report focuses on providing an overview of the GoM's environmental performance for the calendar years: 2007 through 2009. BP GoM appreciates your interest in our environmental performance and trusts you will find this report highly informative.

James Dupree

GoM SPU Leader

Description of Our Operations

Document Owner: James Dupree, GoM SPU Leader

Revision Date: 11/11/10

BP in the Gulf of Mexico

BP is the largest producer of oil and natural gas in the deepwater Gulf of Mexico. Total net production exceeds 400,000 barrels of oil equivalent per day from eight operated platforms which utilize some of the most sophisticated technologies in the world. These platforms include: Pompano, Marlin, Horn Mountain, Na Kika, Mad Dog, Holstein, Atlantis, and Thunder Horse.

BP also holds interest in a number of other producing and development assets: Diana Hoover, Great White, Europa, Mars, King, Crosby, Princess, Ursa, Ram Power and Mica; and currently holds a very strong position in the deepwater Gulf of Mexico, with the most net leases, remaining reserves, exploration successes and discovered volumes versus our competitors.

BP also operates three onshore facilities – the Preservation and Maintenance Facility (PMF), the Houma Onshore Learning Center (HOLC), and the Fourchon Shorebase, all located in LA. These facilities service all of the offshore facilities through materials management and competency development.

Managing Environmental Risk

BP GoM has successfully maintained its certification of its ISO 14001 Environmental Management System (EMS) since 1998. This certification validates the delivery of the requirements for a sound EMS. Management systems are a systematic way to identify risks, potential impacts and compliance requirements that need to be managed by the business.

Group Defined Practice for Projects

The management of environmental impacts starts from the very beginning stages of a project. Guidelines are outlined in BP's Group Defined Practice: Environmental and Social Requirements for New Projects, Major Projects, International Protected Area Projects, and Acquisition Negotiations. The intent of these documented guidelines is to:

- Ensure a systematic and formal delivery of environmentally sound operations in new projects across the BP group through a full life-cycle process aimed at identifying, understanding, avoiding, minimising, mitigating and remediating the impacts of our operations on the environment.
- Ensure that internal decision makers are informed about significant environmental issues and risks prior to making key decisions.

Environmental Operations

Once a project has transitioned to being fully operational, BP GoM continues to work hard to minimize the environmental impact of our operations by improving efficiency and investing in innovative technology at a local, regional and global level.

Environmental operations are continually working towards improving performance by delivering:

- Compliance through provisions of technical guidance and good practices, and use of Green Operations
- Enhancements to our Environmental Management Systems and alignment with OMS
- Improvements to our environmental metrics and reporting mechanisms
- Enhanced workforce capabilities

We take our responsibility for controlling air emissions, water and waste management and maintaining a 'Green Office' seriously, and we aim to leave a positive legacy when decommissioning assets.

Our business sets environmental objectives and targets and associated delivery plans on a yearly basis to help manage these environmental impacts.

Though environmental impacts are managed under our EMS, BP has introduced a standardized Operating Management System (OMS) across our business to help us address company wide operating activities and risks, and help us integrate all of BP's operating standards and requirements. OMS consists of 8 elements and 48 sub-elements. One of the eight elements is "Privilege to Operate." Its principle is to identify and systematically manage the impact of our activities on the environment and integrate environmental requirements into the Local Operating Management System.

This element requires the following:

- Systematically identify environmental hazards, assess risks and opportunities to minimize environmental impact, and implement and maintain plant, process, people and performance risk reduction measures. Environmental risks include but are not limited to emissions to air, discharges to water and land and the handling and disposal of waste.
- Identify the potential environmental, health and social impacts of projects, designing them to avoid or mitigate adverse impacts and reduce use of natural resources.
- At Major operating sites, maintain external ISO14001 certification and produce an externally verified environmental statement at least every three years.

Environmental Performance

The GoM SPU's environmental management system (EMS) focuses on compliance with environmental regulations, pollution prevention, and continual improvement of environmental performance. The EMS is based on the ISO 14001 plan-do-check-act cycle which aligns with the OMS Performance Improvement Cycle.

The BP GoM external certification body is Det Norske Veritas (DNV) and they are commissioned to assess conformance with the ISO 14001 Standard and BP's corporate requirements.

Since initial certification in 1998, the GoM SPU has successfully maintained three consecutive multi-year certificates and increased the participation of drilling partners in the certification process. Between the years 2007-2009, the GoM SPU demonstrated its commitment to continual improvement through:

- Meeting all ISO 14001 requirements for facilities included within the scope of the certification and adding two new deepwater production and drilling facilities (Thunder Horse and Atlantis), 2 drilling rigs (Marianas and DDII), and one onshore facility (Houma Preservation & Maintenance Facility or PMF) to the scope.
- Continuing cooperative efforts with our contractors to ensure compliance and ongoing improvement of environmental awareness and performance.

BP GoM now has 8 ISO 14001 certified offshore production facilities and 3 ISO 14001 certified onshore facilities.

During the operating period of 2007 through 2009, the GoM SPU identified discharges/spills to water and waste management as significant risks associated with our operations. These potential impacts are identified and prioritized based on the risk they pose to the environment which is determined based on the probability of occurrence and the severity of the impact if it were to occur.

Document Owner: James Dupree, GoM SPU Leader

Revision Date: 11/11/10

The SPU develops yearly objectives and targets and environmental delivery plans to help mitigate the environmental risks associated with GoM's operations. Once significant environmental risks are identified, operational controls such as procedures, monitoring tools, equipment maintenance programs and training programs are developed to manage the environmental risks.

Energy efficiency efforts in the GoM from 2008 to 2009 were also undertaken. Three offshore facilities are now operating on fewer power generator turbines during normal operations, reducing fuel consumption for power generation. These facilities include Nakika (10% fuel gas reduction), Horn Mountain (8% fuel gas reduction), and Holstein (8% fuel gas reduction). These changes also resulted in savings of over \$1 million/yr for GoM.

Table 1: The GoM SPU Environmental Performance, 2007 – 2009

FOCUS AREA	2007	2008	2009
EMS			
Maintain ISO 14001 certification	Successfully Recertified	Successfully Maintained	Successfully Maintained
Add new projects to scope	Thunder Horse, PMF, Marianas, & DDII were added to scope	Atlantis added to scope	No additional facilities added to scope
Discharges to Water			
BP reportable spills	43	42	40
ROV Contractor reportable spills	16	31	26
BP Spill volume (barrels) ¹	129.74	1.55	99.20
ROV Spill volume (barrels) ¹	.25	.36	.30
Waste Management			
Hazardous Waste (tonnes)	25	21	119
Non-hazardous Waste Disposed (tonnes)	18,402	20,091	19,231
Non-hazardous Waste Recycled (tonnes)	1,192	2,027	1,796
Green House Gases			
Normalized Emissions CO2 Equivalent tonne/mboe ²	8.3	6.9	5.7
Total Emissions (tonnes) ³	787,000	916,000	1,223,000
Energy Efficiency (%) ⁴	1.8	1.7	1.2

¹ Volumes include oil, mud, chemicals

² Normalized Emissions are GHG emissions per unit of BP operated production

³ Total GHG emissions include those for BP and Drilling partners in operated and non-operated assets

⁴ For all BP operated sites, total fuel consumption as a percentage of total production

GoM's overall environmental performance has been impacted over the last 3 years by the following factors:

- 1) Increase in number of production facilities: Atlantis in 2007 and Thunder Horse in 2008
- 2) Increase in number of supporting rig vessels: 8 to 10 in the reporting period
- 3) Expanded reporting scope: Increased impact from drilling partners and other contractors whose onsite emissions are now included in our reports

- 4) Increase in number of activities to re-commission and start up facilities after two severe hurricanes in 2008

Additional information pertaining to performance and continual improvement strategies for each environmental media (water, waste, air), are outlined below.

The GoM SPU Environmental Studies

BP has joined forces with numerous oil and gas companies in the Gulf of Mexico to be part of a special project called SERPENT. In 2006, BP began its partnership with Louisiana State University to use rig-based Remotely Operated Vehicles (ROVs) to collect water column observations for science and education. ROVs collect deep water biological observations of species and previously unknown behaviors, becoming the new species explorers of GoM's deep blue sea.

Gathering scientific data about the Earth's deep seas helps academia and regulatory research to reduce knowledge gaps while encouraging the scientific literacy of the workforce. In addition, it helps BP collect information necessary to ensure our activities are conducted in a way that reduces / prevents environmental harm.

BP provides SERPENT scientists with logistics and access to our facilities for free. We donated a high resolution camera to enhance data quality. During 2008 and 2009 over 300 hours of video surveys were collected, providing numerous unusual observations and the beginning of a long term database on marine animals. Providing a window into the biodiversity of the Gulf of Mexico, scientific journal articles have been written chronicling swimming and feeding behaviors and habitat and ecology of species rarely seen alive.

The GoM SPU Discharges

BP GOM operations permitted discharges are covered by the USEPA National Pollutant Discharge Elimination System (NPDES) General Permit for the Outer Continental Shelf. In the 3 year operating period, the volume of EPA permitted discharges was consistent with the increase in the number of deepwater facilities and larger volumes of produced water typically associated with ageing oil fields. However, BP operating systems and procedures were used to effectively manage these discharges. For example, water treatment equipment was operated to effectively maintain average produced water oil and grease concentrations at 17.7 mg/L, which is only about 61 % of the 29 mg/L permitted discharge level. In addition, NPDES permit excursions have gone down every year, recording a 28% decrease from 2007 to 2009.

BP reportable spills from 2007 to 2008 decreased by 2%. From 2008 to 2009 BP continued to decrease (5%) the amount of reportable spills into the marine environment.

BP has been working for the past several years with our Remotely Operated Vehicle (ROV) companies to help improve the ROV's spills performance. ROV companies have taken this challenge very seriously and have put plans in place to reduce accidental releases to the environment.

The GoM SPU remains committed to reporting all environmental events and reducing its environmental footprint. GoM SPU will continue to:

- Conduct periodic reviews of spills and leaks and communicate lessons learned
- Improve personnel awareness on identifying and reducing environmental hazards
- Conduct audits and assessments of facilities
- Conduct emergency response drills to enhance knowledge of incident management

- Conduct environmental hunts to identify and correct potential sources of leaks or spills
- Review integrity of equipment on a continuous basis
- Conduct root cause failure analysis on major spills and implement corrective actions
- Work with our Remotely Operated Vehicle (ROV) contractors to improve the ROV performance

The GoM SPU Waste Management

BP is committed to reducing the amount of wastes requiring treatment and/or disposal to the best of our ability. Examples of these reduction efforts can be seen through the recycling of our scrap metal, used oil filters and pads, electronic waste, batteries, and bulbs.

The majority of wastes generated from the GoM SPU facilities qualify as non-hazardous wastes which can either be recycled or disposed. This includes scrap metal, maintenance wastes such as used oil, oily rags and filters and municipal trash generated by personnel living on the offshore facilities and Exploration and Production (E&P) exempt wastes.

GoM SPU has placed greater emphasis on recycling non-hazardous wastes. Most of our facilities are now participating in the Recycle the Gulf program, which has redirected 436 tonnes of municipal trash from the landfill over the last three years.

GoM is now redirecting excess cement to a local Port Commission to build erosion control devices to counter local beach erosion problems. BP has also identified opportunities to provide excess barite to a vendor for reuse in drilling muds rather than for disposal in the landfill.

Hazardous wastes are sent to shore for proper treatment and disposal. The volumes of hazardous waste have increased over the last year, due to the cleaning of chemical residues from rented tanks.

BP continues to build relationships with stakeholders, industry partners, contractors and government agencies to educate offshore workers and help reduce marine trash and debris from GoM facilities.

The GoM SPU Green House Gas Emissions and Energy Efficiency Programs

GoM SPU employs emissions reducing technologies in the design of our new facilities, and implements energy efficiency projects at selected facilities to assist BP's corporate goal to maintain worldwide GHG emissions flat from base year 2001 through year 2012.

The GoM SPU measures greenhouse gas emission performance by tracking "normalized GHG", or the amount of GHG emitted per unit of production. As the GoM business has grown during the 2007 through 2009 operating period, emissions have also grown, reflecting the start up of the Atlantis and Thunder Horse facilities. However, both normalized GHG emissions and energy efficiency improved during this period, reflecting a lower level of fuel consumption per barrel of oil equivalent produced and fewer tonnes of GHG emissions per thousand barrels of oil equivalent produced.

BP's GoM operated assets measure fuel consumption and estimate energy delivery for each major process. During the 2007 to 2009 period, energy efficiency reviews were conducted at several GoM facilities, leading to the implementation of energy efficiency projects that resulted in reductions in fuel gas consumption and GHG emissions. In addition, energy efficiency reviews are conducted during the design phase of new facilities. Future improvements in GHG emissions will be accomplished through employing:

- Electric drivers instead of the diesel burning units traditionally used

- Variable frequency drives for compressors and major pumps
- Waste heat recovery from turbines to eliminate fired heaters
- Vapor recovery units to capture gas that would otherwise be vented or flared

Way Forward

BP's commitment to continual improvement is supported by BP's implementation of the Operating Management System (OMS) across our business to help us address company wide operating activities and risks, and help us integrate and effectively implement all of BP's operating standards and requirements. BP is currently in the process of integrating our EMS into our OMS.

In September 2010, BP underwent its 4th ISO 14001 recertification. Results from this recertification will be used to continually improve our environmental management systems in the Gulf of Mexico.

We will strive to reduce the environmental and health impact of our operations by minimizing waste, emissions and discharges, and using energy efficiently.

List of Abbreviations

ACE	Advanced Collaborative Environments
bbl	Barrel
boe	Barrel oil equivalent
BU	Business Unit
DNV	Det Norske Veritas (registrar for ISO 14001)
E&P	Exploration and Production (Upstream Operations)
EMS	Environmental Management System (ISO 14001)
EPA	Environmental Protection Agency

Document Owner: James Dupree, GoM SPU Leader

Revision Date: 11/11/10

GHG	Greenhouse Gas
GoM	Gulf of Mexico
HSE	Health, Safety and Environment
ISO	International Organization for Standardization
LSU	Louisianan State University
mboe	Thousand barrel oil equivalent
mboed	Thousand barrel oil equivalent per day
MMS	Minerals Management Service
NPDES	National Pollution Discharge Elimination System
OCS	Outer Continental Shelf
SPU	Strategic Performance Unit
te	Tonnes (metric tons)
USCG	United States Coast Guard

Document Owner: James Dupree, GoM SPU Leader

Revision Date: 11/11/10

Feedback

Your feedback is important to us. If you have any comments or queries about this report or general operations, please write or telephone us and we will be happy to assist.

Contact details:

Government and Public Affairs

BP America, Inc.

Phone: 281-366-2000

Mail:

501 Westlake Park Blvd., 25th floor
Houston, Texas 77079

The next Gulf of Mexico (GoM) Environmental Statement will be issued by May 2013 and will cover the period of May 2010 to 2012.

Verification Statement

"We have independently reviewed the Gulf of Mexico (GoM) Site Report and conclude it represents a true and fair reflection of the environmental programs and performance within 2007 through 2009. We have found no statements in this report which we have been unable to substantiate and verify through observations, visits and review of the appropriate systems."

Signed: _____
Date: _____

Document Owner: James Dupree, GoM SPU Leader

Revision Date: 11/11/10

