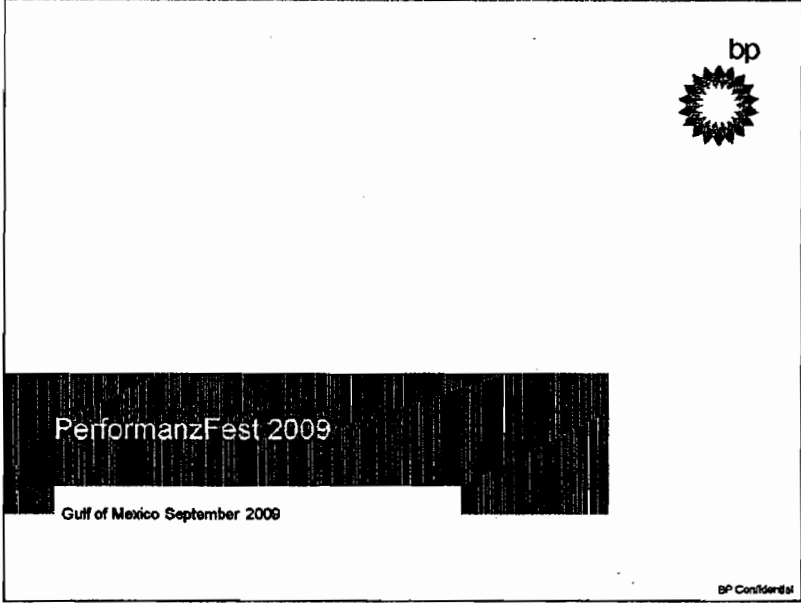


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# 2009 IPC Delivery



Sept GFO BP Confidential

	2008 FY	IPC FY	CIP FY	Sept GFO FY	Sept GFO vs. CIP FY
Safety TRR	0.37	<0.37	N/A	0.36	N/A
Production, mboed	284	350	360	422	62
Capital, \$m (excl Exploration)	2437	3105	< 3105	2757	(348)
Cash Costs, \$m (excl Expt and Captive)	825	982	< 800	723	(177)
Reserves, mmbob	105		75	250	175
	2008 @ \$102	Plan @ \$52		Sept GFO @ \$50	Sept GFO vs. Plan
RCOP, \$m	6136	1890		3789	1898
RCOP Additions			+100	368	
PTCF, \$m	3218	15		1787	1782

### Safety

- TRIR on track, major focus on dropped objects and lifting incidents

### Production

- Very strong underlying performance (unplanned ops efficiency increase 2% YTD vs. 2008)
- Early new well delivery and early project start-ups delivered an incremental 11 mboed vs. Plan
- Very strong reservoir performance from base and new wells

### Costs

- Making every \$ count resulted in savings of \$202m from 2008, \$603 down 47%, 951m of delivery is from SPU actions

### Capital

- Improving efficiency by \$302m vs. Plan with King South and Dorado projects delivered at top quartile, 'gap to best well' and NPV improved vs. 2008

### Financials

- RCOP additions of \$344m delivered via focus on DD&A, DD&A base reduced from Plan of \$179m to \$144m
- Very strong RCOP delivery up \$1.9m from Plan, price impact of \$537m
- Continued strong cash delivery up \$1.2m from Plan, price impact of \$367m

# Safety



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### Goal BPU Recordables with 12month Rolling Rate

Month	Total Recordables	12-month rolling frequency
Sep 08	17	0.42
Oct 08	16	0.42
Nov 08	15	0.41
Dec 08	14	0.39
Jan 09	14	0.37
Feb 09	14	0.34
Mar 09	14	0.33
Apr 09	14	0.32
May 09	14	0.31
Jun 09	14	0.30
Jul 09	14	0.29
Aug 09	14	0.27

### Dropped Objects/Lifting 'Stand Down' Feedback

**Roles**

- Refresh role of Person In Control who should take command of lift and ensure all team members understand their specific role
- Ensure supervisors don't directly engage in the hands-on task

**Competency / Experience**

- Improve familiarity and understanding of current practices / procedures
- Strengthen processes used to gauge competency for task

**JSEA Process**

- Walk down jobs with a focus on detail / specifics
- Focus on basics and fundamentals (planning, oversight, HAZID process, assigning accountability to each job step)

**Complacency**

- Elevate level of awareness: our enemy is repetition and the routine

**BPU Action Plan**

1. Conduct lifting / dropped objects audits of all DAC and Production facilities
2. Conduct a review of global BP lifting procedures and identify gaps
3. Lifting and crane maintenance under a single group in Operations
4. Acquire a crane simulator in 2009 for C2shore personnel training
5. Require all DAC contractors to have a Preventative Dropped Objects Plan - BP to audit
6. Each asset to develop individual action plans - track actions to closure

**Zero DAFWC in 2009 vs. 4 in 2008**

**TRIR 0.36 YTD (14 recordable injuries vs. 17 for Jan-Aug 2008)**

- 10 of the 14 are in Drilling and Completions
- Hand injuries represent over 60% of injuries
- Turnover of personnel and inexperience are key factors

**Total 8 HPCOs YTD vs. a total of 4 in 2008**

- All 8 are dropped objects
- 50% of HPCOs are in Drilling and Completions

**Process Safety**

- 12 O+ (48 H) incidents through August vs. 18 O+ (110 H) in 2008
- All O+ incidents investigated to identify root cause and learnings
- Asset risk registers updated and high risk mitigation plans written
- SCE Completion 99.8%

## Process safety Notes:

For process safety, we wanted to ensure that we captured the capability and learnings piece”:

May want to speak to Horn Mountain process to improve lessons learnt. Other assets adopting process as well.

Cover one-pager lessons learnt for G and higher P.S. incidents

“and also that we talk about getting to the root/root cause of incidents.”

All G and higher PS incidents are investigated and root causes identified.

Atlantis is piloting improvements to incident root cause identification.

# 2009 Production



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## Production, mboed

Production PU	Sept GFD				
	1Q	2Q	3Q	4Q	5Q
Processors / JV	298	299	294	279	277
Perm Messtake	21	18	17	15	17
Naboka	41	37	33	25	26
WART	30	32	31	32	47
Hotels	18	17	14	13	16
Mad Dog	41	40	28	31	37
Marlin	28	34	27	21	25
<b>Thunder Horse JV</b>	<b>148</b>	<b>143</b>	<b>134</b>	<b>142</b>	<b>140</b>

## FY Production Bridge, Sept GFD vs Plan

<b>Self Help</b>	<b>38</b>
Early new well delivery and project start-up	11
King South, Dorado, and Atlantis North Flank online ahead of schedule enabled by committed organizations	
Improvement in operating efficiency (excluding weather)	12
Improved unplanned operating efficiency from 92% (2008) to 94% (July YTD) via utilization of PEEp and Root Cause Failure Analysis	
TAR CVP process improving execution and allowing nesting of maintenance activities within lifts	
Increased facility IPC	12
Thunder Horse gas processing increased from 180 mmscfd to 215 mmscfd, and Atlantis drawdown optimization	
<b>Wellwork</b>	<b>3</b>
Optimization and efficient execution of well work hopper	
<b>Reservoir</b>	<b>27</b>
Reservoir performance/delayed water breakthrough	8
Delayed water breakthrough at Kepler and King West, Mad Dog A-70A-B still on choke	
New well reservoir performance	19
Thunder Horse, Atlantis North Flank, King South, and Dorado	

### Risks to Delivery of 422 mboed

- Big well failures - Top 20 wells 58% of production
- Operating efficiency reverts to historical rates

### Opportunities to exceed September GFD

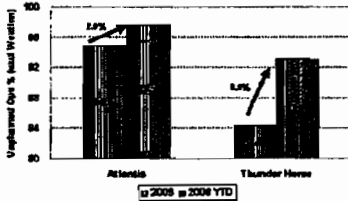
- Clear skies
  - FY forecast includes 13 mboed of hurricane downtime
- Duration of planned work at
  - Mad Dog (16 days)
  - Thunder Horse Norm DC30 tie-in (14 days)
  - Naboka (8 days)
  - Horn Mountain (6 days)
  - Marlin (6 days)

# Unplanned Operating Efficiency - +2% Improvement vs. 2008



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**YTD Atlantis / Thunder Horse Unplanned Ops Efficiency (excluding weather)**



**Key Success Factors**

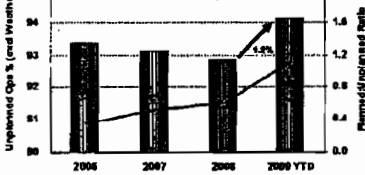
**Process**

- Rigorous implementation of IFP and PEI
- Defect elimination, removing repeat root cause failures
- Rigor in planning & execution of planned TAREs (centralized in SPM, CVP process)
- Driving ownership and accountability to the front line
- Visibility of performance / peer pressure

**People**

- Thunder Horse / Atlantis ops readiness planning & early involvement and continuity of operations leaders
- Real time engineering support via ACE's
- Building OE / CI capability
  - 14 attended Ops Academy
  - 100% of current offshore FLL's attended CoW, 80% Process safety and 50% Effective Performance conversations

**YTD Base Unplanned Ops Efficiency (excluding weather)**



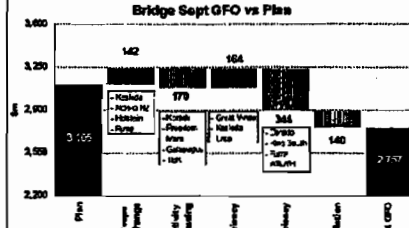
**Run Time Records, Days as of August 21**

	Pre 2008	2008+
Atlantis	—	130
Horn Mountain	78	148
Mad Dog	107	83
Hobbit	64	77
Thunder Horse	—	50
Pompano	76	180
Merlin	48	83
Nelma	80	120

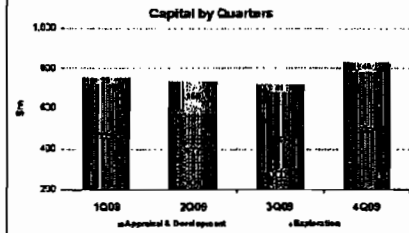
# 2009 Capital



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- Plan vs Sept GFO (excluding Exploration)**
- Scope**
    - Kaskida equity assumption (from 40% to 70%)
    - Kaskida H2 well accelerated to R1 gap on Marlenea
    - Decision to cold-stack Hesteholn early
    - Puma project cancellation post well results
  - Active phasing**
    - Kodak & Freedom appraisal drilling deferral
    - Project deferral of TBK, Mars B and Galespaga
  - Inefficiency**
    - Green White offshore commissioning
    - Urse P1-2ST well failure
    - Kaskida West Bump new rig start-up and problems in well zone
  - Efficiency**
    - Dorado and King South top quartile completions performance
    - Top quartile drilling performance at Puma and Mad Dog South
  - Deferral**
    - Strong performance due to robust PSCM strategies (pg 10)



- Quarterly Trends**
- 2Q low by \$144m due to rig related savings**
    - Unplanned Kaskida West Bump rig repair at Bead#8 costs
    - Unplanned Kaskida H2 rig repair at Transocean costs
    - Planned DC2 rig inspection
    - Planned Enterprise dry dock
  - 3Q increase primarily due to**
    - DC3 rig arrival for Alenais
    - Thunder Horse heavy lift vessel for DC41 well parking
  - 4Q increase due to**
    - Kaskida well end seismic
    - Kodak appraisal well
    - Thunder Horse installation of DC30 manifold and long leads
    - Mars long leads and Gas LR Ph 2
    - Urse P1-2 drilling & gas lift flow line installation

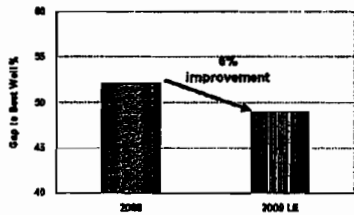
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# 2009 Drilling and Completions Efficiency



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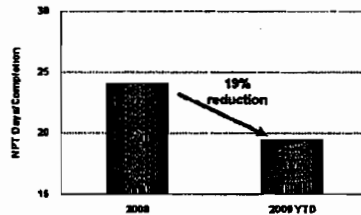
## Drilling Performance (excluding WIR K)



### Leveraging Centralized Team

- Continued excellence in exploration drilling
  - Drilling performance enabled increased exploration scope (deepening of WIR K and Tiber)
  - Tiber is deepest well drilled in the world with 1<sup>st</sup> quartile performance prior to deepening
- Focused effort to leverage exploration drilling success and transfer learnings to appraisal activities
  - Puzos well delivered top quartile performance
- Focused effort on standardization and testing technical limits for development wells

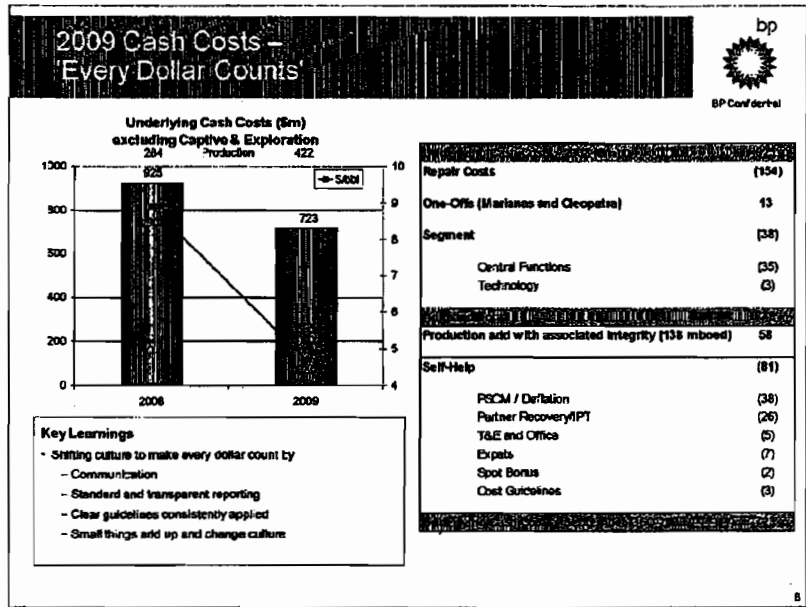
## Completions Performance



### Completions Excellence Program

- Completions Excellence Program initiated in mid 2008 as a key part of the Global central D&C organization
- Leveraged collective experience to assess risks and analyze past failures in order to develop standards and implement consistent field procedures - strengthened learning loop to drive CIP and build capability
- Assigned engineering resources to key focus areas to prevent 'train wreck wells' by calling time-out and utilizing the 'bigger central brain'
  - Eliminate repeat failures, mitigation of highest risks, supplier management and QA / QC
  - Real time engagement of entire Completions Engineering community (including outside SPU) during critical operations and problem solving using the ACE

Data:  
 Days/Completion  
 Skin Efficiencies  
 Completions year to date



- We are making good progress in driving cost efficiency into the business with our 'every dollar counts agenda'.
- Through 2007 and 2008, we saw cost increases as we started-up Atlantis and Thunder Horse and we saw the impact of industry inflation as oil prices rose.
- In 2009, we will reverse that trend. We expect to see a greater than 15% reduction in unit costs and expect to continue to decrease unit costs into 2010.
- These reductions in unit costs are through strong production growth, disciplined cost control and applying our scope and scale.
- Our 3 focus areas are around:
  - activity management (for example, improved planning and prioritization to improve logistics utilization which is a major part of our cost base)
  - improving execution efficiency (for example, through standardization of work and using our centralized organizations that leverage our capability so that we can learn and improve),
  - reducing supply chain unit cost (for example through our deflation negotiations and by aggregating our demand to benefit from our scope and scale in the market)
- All of this of course takes place within the boundary condition that safe and reliable operations always comes first.



## Cash Costs Trends by Account



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\$ million	2007					2008					Comments	
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY		
Lifting Costs - Field	208	88	83	83	84	348	87	82	87	74	260	Increased 178 subunit
Lifting Costs - Non-Field	118	85	33	16	28	138	18	16	23	41	34	Increased recoveries and capitalization
Lifting Costs - Integrity	28	6	15	8	14	44	14	15	13	23	28	Increased facilities (primarily)
Lifting Costs - Non-Operated	42	10	10	13	12	44	13	11	13	13	47	Great White column Dec 2009
M&T	30	7	8	7	28	48	5	7	6	6	23	Atlantic (Compacting) 4Q 08
Other Operating	372	91	40	44	83	237	14	18	82	14	109	Material stand-by 2Q 08, repairs 2Q 08 (2008) 2Q 08 (2008)
Wohlschlag	25	9	12	7	2	28	1	4	9	9	24	
Facility Upgrades	12	3	3	0	1	7	1	1	2	3	6	
OG&S	109	44	97	24	62	177	23	20	29	89	118	Seismic
EPT & O&B Review	27	0	3	1	0	4	2	0	2	3	7	Field Tests
Special Issues - Cash Expenses	0	0	0	0	0	0	3	0	0	0	0	
Business Development	0	0	0	0	0	0	3	0	0	0	0	
CapEx Insurance	186	46	46	84	71	216	84	84	84	84	377	CapEx Insurance increase due to oil price and production increases
UT & RD Allocation	80	17	17	17	15	67	10	4	10	18	58	Increased allowances offset by \$15m credit in 2009
Overheads - Cont'r. Functional Costs	27	16	12	15	18	58	7	6	4	9	24	Lever costs, higher capitalization
<b>Total UPU</b>	<b>1271</b>	<b>328</b>	<b>297</b>	<b>288</b>	<b>423</b>	<b>1317</b>	<b>155</b>	<b>206</b>	<b>343</b>	<b>343</b>	<b>1219</b>	
<b>Total Underlying Costs</b>	<b>847</b>	<b>279</b>	<b>215</b>	<b>189</b>	<b>288</b>	<b>828</b>	<b>121</b>	<b>142</b>	<b>219</b>	<b>211</b>	<b>722</b>	

### Quarterly Trends

- 1Q is historically low compared to 4Q of previous year
- 2Q 2009 credit for UT and R&D allocations of \$15m
- 3Q 2009 includes Marinas stand-by charge of \$38m
- 4Q 2009 includes Capitalized Overhead and VPP true up

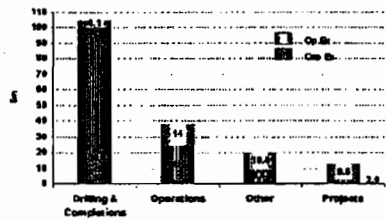
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# PSCM – Driving Supply Chain Deflation

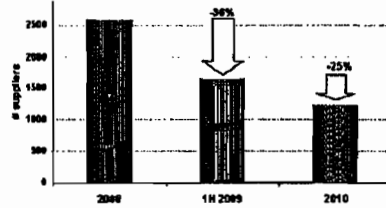


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## 2008 Savings



## Reducing Suppliers



## Delivery of PSCM Deflation Plan (net \$m)

### Well Services

- Yielded annualized reduction of \$42m

### Fuel

- Projecting annualized reduction of \$32m

### Wellhead Systems

- Saved \$25m on 2008 milestone payment, with 2010 to 2012 annualized savings of \$7m

### OCTG

- Annualized reduction of \$12m

### Chemicals

- Annualized reduction of \$5m

### Contract Labor Initiative

- Successfully challenged rates / mark-ups in current contracts
- Long-term strategy to optimize vendors by 50%
- Net savings of \$4.2m realized through August

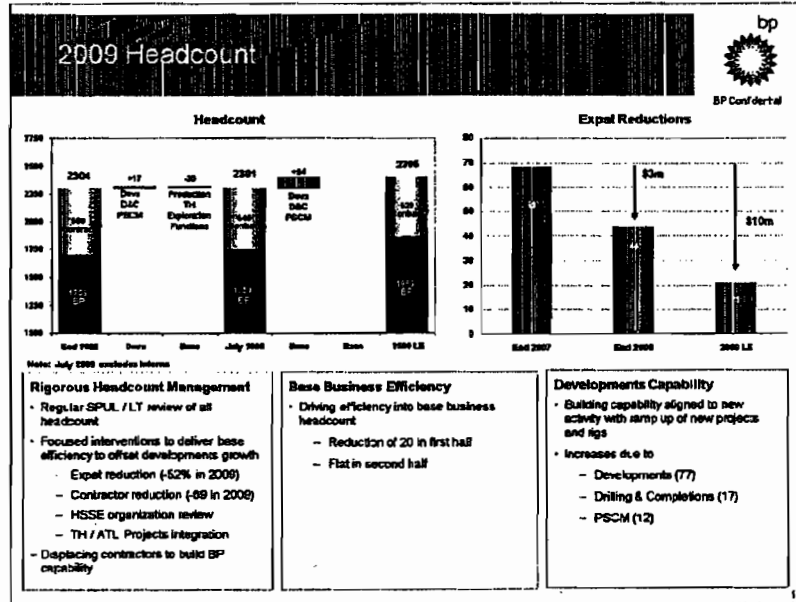
### Audit Claim Recoveries

- New process drives greater recoveries through increased cross function collaboration
- Recovery – 2008: \$2.1m, 2009 YTD: \$3.6m with full year target of \$9m

### Supplier Letter Campaign

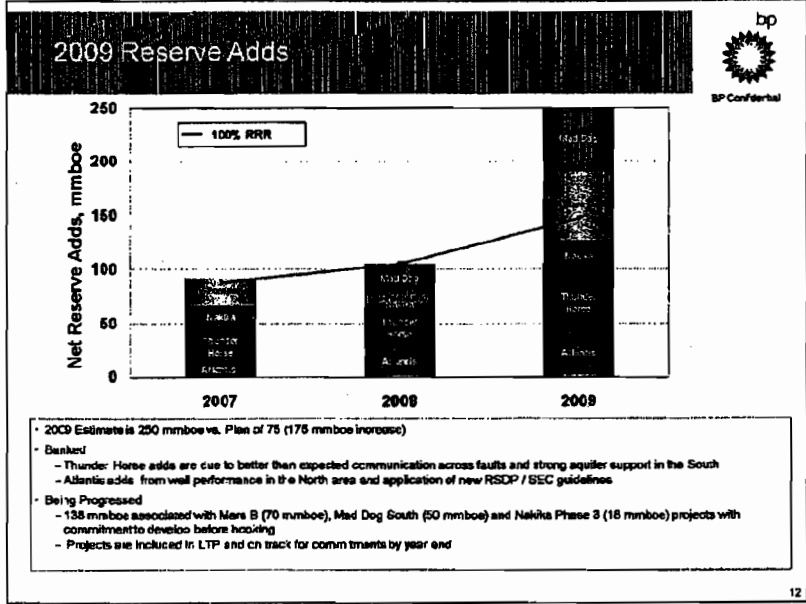
- Realized \$21m in savings through August
- Primary focus on smaller (not top tier) suppliers

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### Background notes

- Brick increments represent total (bp & contractor head count)
- "Base" referenced is everything except Devs, D&C, PSCm and Backbone



# LTP Summary



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	Sept	Cycle Target			Long Term Plan	
	QFO 2009	2010	2011	2012	2011	2012
Production, mboed	422	429	436	428	438	454
Capital, \$m (incl. Exploration)	2757	2756		2710	2680	2480
Cash Costs, \$m (incl. Expl and CapEx)	722	<758		<718	763	771
RCOP	1768			463	460	468
FCF	1787			2368	2183	2465

## 2011 - 2014

- Production gap emerging in 2013 / 2014 of 15 - 20 mboed caused by TBK delay (14 mboed), Mad Dog rig replacement (10 mboed) and Puma cancellation (9 mboed)
- Potential mitigations (not in LTP), are:
  - Macondo ILX success
  - Pompano rig program option
    - \$250m capital at D-Cost of \$10/bbl
    - Delivering 13 mboed in 2013

## 2010

- Production (420 mboed), cash cost (\$748m) and capital (\$2750m) aligned with OpCo frame
- Maintaining efficiency momentum
- Key Risks
  - Thunder Horse re-instatement (DC41)
  - 3 new rig ramp-ups (DC18, PS1, PS2)
  - Capability growth to underpin project delivery
- Exploration follow-on not funded
  - Tiber, Tacker, Mad Dog B

## 2016 +

- High quality portfolio of high margin price leveraged oil delivering greater than \$10bn RCOP at \$100/bbl and 450 mboed
- Potential to further grow to 700 mboed by 2025 requires
  - 3 gross EAM rigs - 2 BP (Horizon and other) and 1 non-operated
  - Staying the course on access, seismic and appraisal
  - Drill early in lease term for flexibility
  - Building and renewing organizational capability
  - Sustained \$5bn p.a. of capital

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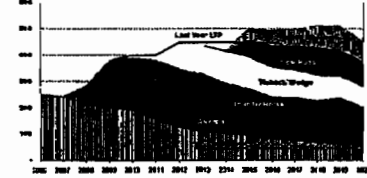
# Objective Function and Plan Shape



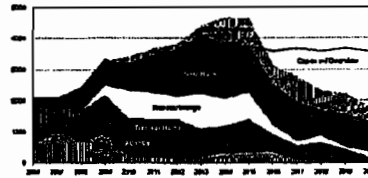
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- OMS: Implement OMS to deliver safe, reliable and efficient operations with continuous improvement
- Production: Grow to 450 mboed and sustain post 2012
- Financials: Sustain average annual RCOF >\$4/bbl & free annual cash flow >\$2/bbl with \$3/bbl of capital at \$50/bbl
- Execution Machine: Establish level loaded standardized execution machine to continuously improve efficiency
- Capability: Attract, develop and retain a world class motivated organization
- Technology: Develop and implement Deepwater, Sub-salt imaging and Paleogene technologies

Production (mboed)



Capital (\$bn)



**Production**

- 2010 / 2011 on Target
- Shape to 2020 aligned with LTP from 2008 and May 2008 IR modeling
- Mid-term (2013-2014) gap due to
  - TBK delay, Mad Dog rig replacement, and Puma results
- 2009 Discovery wedge includes Tiber and Mad Dog B

**Capital**

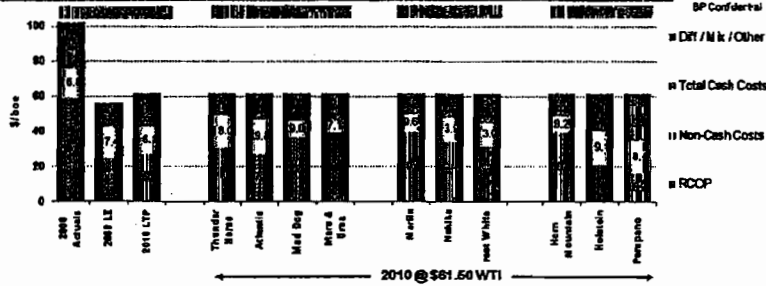
- 2010 on Target
- Increasing capital intensity with a shift from bebacks (\$13/bbl D-Cost) to hubs (\$1.8/bbl D-Cost)
- Projects unidentified in 2015 - 2020 timeframe

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# Asset Strategic Frame



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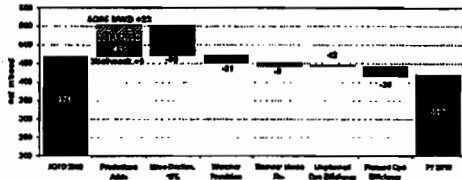
- |  |  |   |   |
|--|--|---|---|
| <p><b>Total SPU</b></p> <ul style="list-style-type: none"> <li>Unit underlying cash cost per bbl reduced 40% from 2006</li> <li>DDLA decreased from \$17/bbl in 2006 to \$14/bbl in 2009, flat from 2009 to 2010</li> <li>Non-cash costs include write-offs of \$420m in 2009 (Phase 2 \$291m)</li> <li>Differentiate reducing overall, one-off in 2009 for CoM grades vs. WTI marker</li> </ul> | <p><b>Giants</b></p> <ul style="list-style-type: none"> <li>Thunder Horse                             <ul style="list-style-type: none"> <li>Hold plateau without over capitalizing well stock</li> </ul> </li> <li>Atlantis                             <ul style="list-style-type: none"> <li>Fill capacity with Phase 2</li> <li>DDLA focus</li> </ul> </li> <li>Mad Dog                             <ul style="list-style-type: none"> <li>Replace rig, fill capacity with Sebectas and / or new spsr</li> </ul> </li> <li>Mars / Ursa                             <ul style="list-style-type: none"> <li>Rigs bring for Mars E</li> </ul> </li> </ul> | <p><b>Hubs to Fill</b></p> <ul style="list-style-type: none"> <li>Marlin                             <ul style="list-style-type: none"> <li>Hold plateau</li> </ul> </li> <li>Nubia                             <ul style="list-style-type: none"> <li>Fill capacity with Sebectas</li> </ul> </li> <li>Crest White                             <ul style="list-style-type: none"> <li>Ramp-up</li> </ul> </li> </ul> | <p><b>Mature</b></p> <ul style="list-style-type: none"> <li>Horn Mountain                             <ul style="list-style-type: none"> <li>Phase 2 to add low cost bits</li> <li>Cost transformation</li> </ul> </li> <li>Holstein                             <ul style="list-style-type: none"> <li>Explore deep potential</li> <li>Cost transformation</li> </ul> </li> <li>Permian                             <ul style="list-style-type: none"> <li>Strategy review in 1Q 2010</li> <li>2013 / 2014 growth option</li> <li>Cost transformation</li> </ul> </li> </ul> |
|--|--|---|---|

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# 2010 Production



Production 3Q to date 2009 to FY 2010



### Key Messages

- Judgment of 420 mboed
- Normalized for weather and LC-41 re-installment, 2010 is 14 mboed higher than Sept GFO of 422 mboed (3% growth)
- Newwells contribute 53.7 vs. 117.3 mboed in 2009
- Unplanned ops efficiency is 94.4% vs. 94.2% in 2009; limited upside as technical limits are reached (Zif benchmarking study)
- Planned ops efficiency decrease of 26 mboed in bridge is due to FY 2010 being compared with 3Q to date with negligible planned losses
- Base production decline is ca. 16%, supported by historical performance
- Thunder Horse is ca. 34% of production and is constrained by crude, gas processing limits, FIV limits on North manifold and 94 day DC-41 re-installment
- Top 20 wells produce ca. 65% of total with individual well rates from 6 to 27 mboed net
- Key risks include: new wells delivery, sig wwf failures and duration of TARs
- Opportunities include: new wells performance (Atlanta), facility / well constraints optimization and TAR optimization

### 2010 New Well Delivery

Well Name	Start Date	Rate (mboed)
Alaska DC-101 re-inst	Jan 10	2.8
Alaska DC-101	Feb 10	4.8
Alaska DC-101	Jul 11	4.9
Alaska DC-101	Aug 12	3.9
Alaska DC-101 re-inst	Mar 12	6.1
Alaska DC-101	Oct 10	8.1
Thunder Horse 77341	Feb 11	12.8
Thunder Horse 77340	Mar 11	1.6
Thunder Horse 77342	Apr 11	1.2
Thunder Horse 82511-10	Aug 10	2.8
Thunder Horse 82511	Aug 10	1.2
Orin West 04119	Apr 11	2.1
Orin West 04118	Apr 10	2.2
Orin West 04118	May 11	2.8
Orin West 04118	Jul 11	1.6
Orin West 04118	Aug 11	1.1
Orin West 04118	Dec 11	2.2

### Planned Losses mboed

Category	2009	2010	2011	2012
Production PU	14.8	3.3	19.3	15.8
Processing / JV	1.4	0.6	3.4	2.9
North Manifold	0.8	0.2	1.4	1.2
Nahla	1.7	0.3	1.6	1.3
Marlin	2.2	1.4	3.8	1.7
Haltin	0.7	0.1	0.3	0.2
Mad Dog	2.9	0.7	2.7	2.0
Atlanta	4.5	0.7	7.5	6.8
Thunder Horse PU	18.3	4.6	11.1	8.5



# 2010 Capital



\$220m - 7%

**Development**

- Korbach
- Hyslop
- Maccosta (run-up)
- Koda (run-up)

\$1362m - 44%

**Non-Operated \$89m**

- Mars B \$86m

**Operated \$1302m**

- Galepage Ph1 \$440m
- Kaskida \$310m
- TXL \$154m
- Freedom \$126m
- MD 63TB \$113m
- Almaric 2B \$50m
- Halka Ph 3 \$53m
- Halka Ph 4 \$26m (NTE)
- Atlantis 2 \$10m
- Horn Min Ph. 2 \$18m

\$514m - 18%

**Great White \$150m**

- Atlantis 2A \$247m
- MD Rig Replacement \$32m
- King Gas Export Compressor \$17m

\$1019m - 32%

**Non-Operated \$55m**

- Mars Drilling \$57m
- Uma Drilling \$2m

**Widcon \$94m**

- Atlantis South \$37m
- Thunder Horse \$55m
- TH PDO Drilling \$20m
- TH MODU Drilling \$34m
- TH Water Injection \$18m

\$40m - 1%

**Rosa / Salmis \$35m**

**\$50L \$14m**

**Wedge**

- High quality Mars and Uma options with D-Cost of ca. \$12/bbl
- Atlantis South rig program to reach and maintain production plateau through 2014 with D-cost of ca. \$9/bbl
- Thunder Horse two rigs to maintain production plateau prior to 12 month MODU drilling holiday starting in 4Q 2010, with D-cost of ca. \$12/bbl
- Wellwork efficiency hopper in place to add ca. 5 mbboed in 2010 at \$9.8m/mbboed (vs. \$14.3m/mbboed) in 2009

# Project Quality



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	Project completion						Financials (US\$ million)		
	2013	2014	2015	2016	2017	2018	NPV	IRR	Payback
<b>Reserve</b>	53	63	64	617	231	111	4401	32%	11.7
Rig - Gas Export Compressor	1	2	2	17	-	-	75	86%	5.7
Rig South	18	8	7	-	-	-	507	76%	7.8
Deriva	13	19	5	1	0	0	485	77%	10.7
Mad Dog Rig Replacement	-	-	-	80	80	19	584	32%	11.3
Atlantis Ph 2A	9	16	13	347	9	-	275	80%	12.1
Geot White	18	24	25	180	146	82	1918	>100%	13.3
<b>Pre-FID Projects</b>	-	28	68	6391	1918	2068	16208	49%	16.4
HM Phase 2	-	-	2	16	74	104	343	48%	10.1
SE Barbours	-	20	68	717	671	700	8828	40%	12.7
Galapagos	-	11	23	448	43	2	1384	80%	11.1
Atlantis Ph 2B	-	8	21	88	238	121	671	82%	12.0
Atlantis Ph 3	-	-	2	16	60	252	1785	44%	12.7
Mad Dog Barbours Tiebacks	-	-	9	113	250	366	2272	47%	12.8
Hobbs Ph 3	-	3	11	82	228	0	345	46%	14.1
Deriva Ph A	-	-	-	39	5	80	439	68%	14.8
Hubs	-	-	-	658	870	1267	3010	12%	17.8
Mars B	-	-	-	86	288	516	845	18%	11.7
Kaskida	-	-	-	310	198	118	1080	14%	18.8
Freedom	-	-	-	138	127	308	800	18%	17.8
Tiebacks/Radial	-	-	-	134	289	632	480	12%	26.8

Tiebacks D-Cost = (MVE capital + Capitalized interest - Appraisal capital) / MVE reserves  
 Note: Hubs generally report Commercial D-Cost derived as Commercial D-Cost = MVE capital / MVE reserves

## Project Quality

- High margin price leveraged portfolio
- Applied sector specific deflation, cost and schedule benefits from standardization, D&C learning curves and recovery factor benchmarks to all projects
- Barbours Tie-Backs**
  - Near term development focus is on high value SSTBs at Atlantis and Kaskida (Galapagos)
  - D-Costs range from \$11 to \$15/bbl of which 60-70% is D&C reflecting high MODU rates and limited success facilities scope
- Mad Dog tiebacks are under review following the Mad Dog South success
- Hubs**
  - Mad Dog South development concepts include options for a second facility - "Mad Dog E"
  - Development cost for future Hubs is variable due to differing underlying drivers
  - Mars B has a large resource base, with long-term waterflood barrels and a platform rig
  - Kaskida and Freedom are in early stages of appraisal underpinned by resource base potential
  - TBK is challenged at \$50/bbl due to limited resources, at \$100 it returns 18% IRR and \$1.3bn NPV. Kaskida appraisal well is critical to determining TBK development

# Rig Schedule



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		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
E-1000000	Refinery 1 B&B Rig	[Redacted]																[Redacted]															
	Location	[Redacted]																[Redacted]															
	Start Date	[Redacted]																[Redacted]															
	End Date	[Redacted]																[Redacted]															
	Days Worked/Week/PTG	[Redacted]																[Redacted]															
	Days Worked/Week/PTG	[Redacted]																[Redacted]															
E-1000000	Refinery 2 B&B Rig	[Redacted]																[Redacted]															
	Location	[Redacted]																[Redacted]															
	Start Date	[Redacted]																[Redacted]															
	End Date	[Redacted]																[Redacted]															
E-1000000	Refinery 3 B&B Rig	[Redacted]																[Redacted]															
	Location	[Redacted]																[Redacted]															
	Start Date	[Redacted]																[Redacted]															
	End Date	[Redacted]																[Redacted]															
E-1000000	Refinery 4 B&B Rig	[Redacted]																[Redacted]															
	Location	[Redacted]																[Redacted]															
	Start Date	[Redacted]																[Redacted]															
	End Date	[Redacted]																[Redacted]															
E-1000000	Refinery 5 B&B Rig	[Redacted]																[Redacted]															
	Location	[Redacted]																[Redacted]															
	Start Date	[Redacted]																[Redacted]															
	End Date	[Redacted]																[Redacted]															
	Days Worked/Week/PTG	[Redacted]																[Redacted]															
	Days Worked/Week/PTG	[Redacted]																[Redacted]															
E-1000000	Refinery 6 B&B Rig	[Redacted]																[Redacted]															
	Location	[Redacted]																[Redacted]															
	Start Date	[Redacted]																[Redacted]															
	End Date	[Redacted]																[Redacted]															
Legend		<input type="checkbox"/> Regular <input type="checkbox"/> Plant <input type="checkbox"/> Agency <input type="checkbox"/> Open <input type="checkbox"/> Plant Out, Out Stand <input type="checkbox"/> Shutdown, Rig Subcontract, etc. <input type="checkbox"/> Current Employee																															

## 2010 Cash Costs



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### Cash Costs Bridge from 2009 to 2010

Self-Help target for 2010 (4% reduction)	(28)
<b>Increases</b>	<b>54</b>
Segment Charges (UT & R&D)	11
<b>One-offs</b>	<b>38</b>
Backbone (non-normal 2009 to 2010)	15
Backbone Central Charges	12
<b>Incremental Repairs</b>	<b>18</b>
Thunder Horse (\$49m to \$57m)	18

### Key Messages

- 2C10 to maintain cost efficiency momentum
- Targeting 4% reduction in underlying costs underpinned by 2C10 cost reduction plan
- Offer of \$748m, a reduction of \$10m from OPCO frame and absorbs additional Segment allocations and backbone implementation costs

### 2010 Cost Reduction Plan

#### Staffing

- Offshore manning
  - Mature fields model (focus on Pompano, Holstein, Hors Mountain)
  - Competitive benchmarks (Zif results)
- Onshore resourcing alignment
  - Project synergies yielding cash cost and contractor reductions
  - Maximize partner recovery & timewriting

#### Efficiency

- Waste reduction (spare, chemical containers, rentals and cleaning fees)
- Defect elimination and root cause failure analysis
  - PAX pumps, seals and RAM chips in PODS
- Implement risk based integrity inspections

#### Activity Prioritization

- Planning – EFP activity prioritization
- Campaign construction, maintenance & inspection including subsea vessels
- Logistics demand management continuous improvement

#### Cost Control – Every \$ Counts Culture

- Budget ownership at frontline leader level
- Backbone implementation

#### PSCM

- Maintain chemicals cost management
- Agency contract management
- Operations Services (maintenance, instruments, electrical)
- Forensic audits

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## Cash Costs Trends by Account



\$ million	2008	2009	2010	2011	Comments
Lifting Costs - Field	260	251	264	268	
Lifting Costs - NonField	86	137	162	170	TH IPT/Procurites - 10m, Challenges - 3m, PSCs - 6, baseline costs
Lifting Costs - Integrity	88	58	50	52	Decreases at Atlantis and Thunder
Lifting Costs - Non-Operated	47	64	64	68	Great White costs
M&T	23	23	23	24	
Other Operating	109	78	53	17	Marina at 520m in 2008, repairs 540m (2009) 567m (2010)
Wellwork	24	25	48	40	TH wellwork schedule
Facility Upgrades	8	4	2	2	
G&G	118	137	172	171	Seismic activity
EPT & DB Revex	7	8	8	8	
Special Items - Cash Expense	-	-	-	-	
Business Development	-	-	-	-	
Capex Incurance	377	377	377	377	Partholder flat
UT & RD Allocation	68	78	78	70	increased allocation, 915m UTRAD credit in 2008
Overhead - Contr, Functional Costs	24	32	35	34	Partner recovery and capitalized overhead credits in 2008
<b>OCM SPU Total</b>	<b>1219</b>	<b>1372</b>	<b>1313</b>	<b>1326</b>	
<b>Total Underlying Costs</b>	<b>723</b>	<b>758</b>	<b>780</b>	<b>771</b>	
<b>Production, mboed</b>	<b>422</b>	<b>428</b>	<b>438</b>	<b>458</b>	
<b>\$/boe</b>	<b>4.88</b>	<b>4.84</b>	<b>4.79</b>	<b>4.68</b>	

Note: Numbers above reflect LTP submission, not the offer of \$7.48m as shown on page 20  
Lifting Costs - NonField is under review

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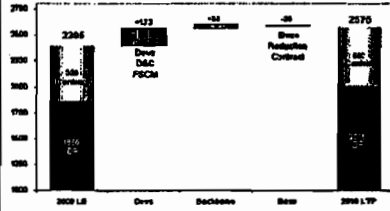
- We are making good progress in driving cost efficiency into the business with our 'every dollar counts agenda'.
- Through 2007 and 2008, we saw cost increases as we started-up Atlantis and Thunder Horse and we saw the impact of industry inflation as oil prices rose.
- In 2009, we will reverse that trend. We expect to see a greater than 15% reduction in unit costs and expect to continue to decrease unit costs into 2010.
- These reductions in unit costs are through strong production growth, disciplined cost control and applying our scope and scale.
- Our 3 focus areas are around:
  - activity management (for example, improved planning and prioritization to improve logistics utilization which is a major part of our cost base)
  - improving execution efficiency (for example, through standardization of work and using our centralized organizations that leverage our capability so that we can learn and improve),
  - reducing supply chain unit cost (for example through our deflation negotiations and by aggregating our demand to benefit from our scope and scale in the market)
- All of this of course takes place within the boundary condition that safe and reliable operations always comes first.

# Organizational Capability



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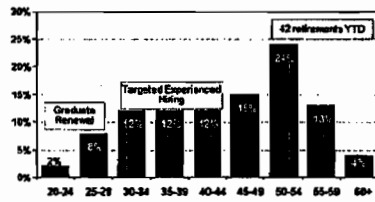
## Headcount



## People Capability Demand Growth

- Frame is to reduce base business with growth in developments
- Strong governance for all increases
- Developments, D&C, PSCM adds of 173 people to support 8 projects progressing through Select, Define and Execute
- Capability required in Project Engineering, Subsea, Subsurface, D&C Engineering, Operations & Project Services disciplines
- Backbone project adds of 33 (BP & Contractors) in 2010

## Demographics



## Demographic Impacts on Capability

- 41% of SPU Age 50+, many retirement eligible
- 42 retirements through June 2009
  - Post June retirements confirmed at +8
  - 16 requested info for potential Sept or Oct retirement dates
- Growing capability demand in the face of demographic attrition

## Resourcing Strategy

- Continue Graduate and accelerate workforce capability renewal
- Target hiring of people with 5-15 years of experience
- Continue Accelerated Development Plans
- Optimize BP & contractor mix
- Efficient workforce capability renewal – requires external recruitment

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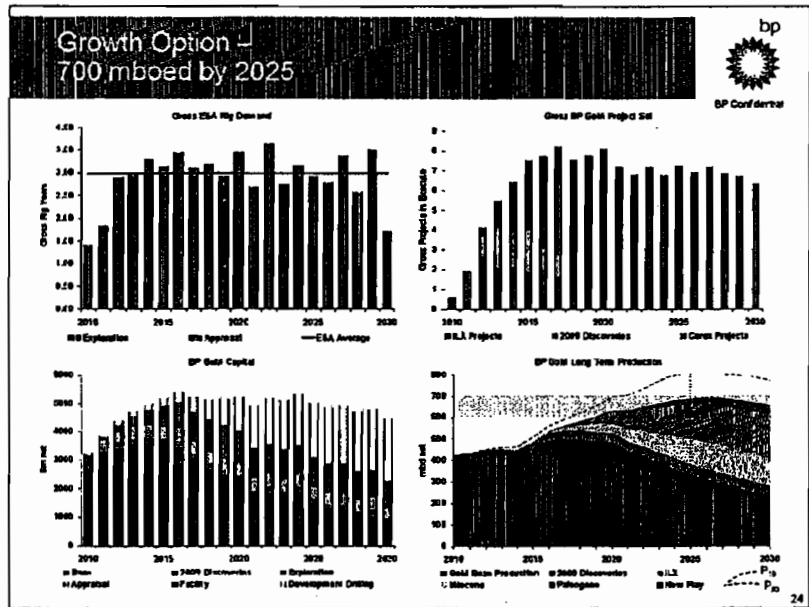
# Risk Management



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Group Risk Categories		GOM EPU Risks	Impact
Strategic Risks	inadequate responsiveness to external change	(1) Increased government's role (Rainey/Midley) (2) Ability to sustain supply chain delivery (Long) (3) Jones Act Change (Barronson) (4) Environmental / Climate change legislation in N. America (Medcor)	D E E E
	inability to balance cash flows	(5) Inadequate capital to fund growth (inadequate funding of appraisal program) (Brow)	E
	inadequate clarity and follow through of strategy	(6) Big strategy - access to deeper tier rigs at competitive rates (Lang) (7) Delivery of Palomares Regehp technology, including Koskela IPT (Addison)	E D
	Failure to deliver Upstream growth	(8) Maintain leadership in access and exploration (Rainey)	D
	inability to develop winning Downstream footprint		
	inability to maintain safety or environmental incident	(9) Major Hazard Risks (Ops VPs)	C/B
Operational Risks	inability to respond effectively to a business crisis	(10) Hurricanes & other natural disasters (Medcor) (11) Midstream Flow Assurance (Dwart)	E E
	inadequate capability within the firm	(12) Inadequate recruitment, retention, development and renewal of critical specialties and other staff (Midley)	E
	Failure to maintain the benefits from the Forward Agenda	(13) Major Well Failure (Marion/Rainey) (14) Major projects delivery (Addison) (15) Writing & Compliance performance (Lang) (16) TI and Atlantic marketfield changeout (Rainey)	D D F D
	Regulatory or legal non-compliance	(17) License to Operate - internal or external non-compliance (Ops VPs)	D
Compliance and Control Risks	yielding control breakdowns		
	Material reporting error	(18) Maintaining a strong financial control framework with K&S and Bankers (P2P) Initiatives (Dwart)	E

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**Recommended scenario**

**Exploration LTP activity level – Paleogene biased for first 5 years, then Miocene biased**

**Logic**

because of longer cycle time and longer/lower production profile, delaying Paleogene exploration pushes production 'over the back of the hump'

fits lease expiry profile as we have focused on Miocene access for last several years, the Paleogene inventory begins to expire in 2013

- must not wait until late in lease term, exploration success is "lumpy", drilling with time on the clock allows for activity leveling in development

**Gross rig demand**

- ~1.7 gross rigs required to deliver follow-on appraisal program
- therefore 3 gross rigs required to deliver exploration and appraisal program
- reasonable assumption would be 2 net BP-operated, 1 co-owner-operated

**BP net capital**

stabilizes around \$5 billion per year

**Project count**

- 4 to 5 gross CoreX projects in execute at any time
  - ~3 BP-operated
  - Paleogene CoreX projects will most likely be hubs especially in early years
  - Miocene CoreX projects could be hubs or tie-backs in early years, increasingly tiebacks in out years
- ~ 2 ILX projects in execute at any time
  - ILX projects will be tiebacks



## 700 mboed by 2025 – Summary



### 700 mboed by 2025 requires

- 3 gross E&A rigs – 2 BP (Horizon and other) and 1 non-operated
- Drill early in lease term to maintain flexibility
  - Stay off the clock
  - Maintain hopper of options to enable quality through choice and level based execution
- Staying the course
  - Access - to maintain the prospect inventory in the Western and Central with potential new access in Eastern GOM
  - Seismic - to mature the hopper
  - Appraisal spend - to progress the discoveries
- Capital program of ca. \$5bn is modeled with average D-Cost of \$17/bbl
- Building and renewing organizational capability for the next decade
  - 40% of workforce is over 50 years old

### Wide Range of Uncertainty Driven by

- Continued exploration success
- Paleogene recovery factor
- Working interest

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## Summary



### On Track for a Very Successful 2008

- No days away from work cases and TRIR on track for <0.37
- Production growth of 138 mboed underpinned by early project delivery and 2% improvement in unplanned ops efficiency
- Every \$ counts culture enabled delivery of \$202m reduction in costs vs. 2008
- 5% improvement in 'gap to best well' and 19% improvement in completions NPT vs. 2008
- Exploration success at Tiber and Santa Cruz
- 250 mmbob reserve additions (162% Reserve Replacement Ratio) vs. Plan of 75 mmbob
- \$4bn of RCOP and \$2bn of cash delivery at \$66/bbl

### 2010 CIP Focus

- Production
  - Operating efficiency, new well delivery and DC41 re-installment
- Capital Efficiency
  - Improving 'gap to best well' efficiency and NPT
  - Efficient new rig start-ups
- Costs
  - Sustain 'Every \$ Counts' culture and deliver 2010 cost reduction plan

### The Future

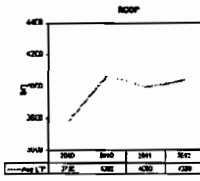
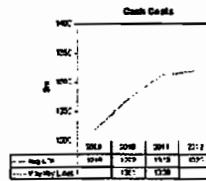
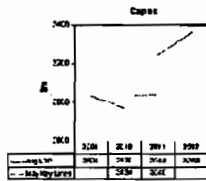
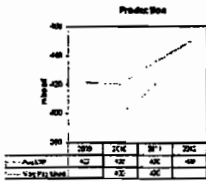
- Sustaining strong operational momentum into 2010
- High quality portfolio with potential for high margin, price leveraged oil growth
- Potential to significantly grow to 700 mboed by 2025 will require step change in
  - Capability
  - Access to rigs
  - Capital funding

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# Plan Shape (Including Exploration)



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**Financials Comments**

- LTP in line with current delivery in September QFO
- Average ROACE of 22%; average reinvestment rate of 47%
- 2009 to 2012 reserve replacement ratio of 105%

**Key Assumptions**

- No adverse inflationary impact from established higher oil prices
- Status quo for tax regime and GHG requirements
- No impact of potential royalty settlements for New Mexico case
- DD&A trend in line with D-cost increase

