

Dr B.E. Grote

Support is requested for BP Exploration & Production Inc ("BPXP") to execute an Internal Finance Account ("IFA") Legal Agreement with North America Funding Company ("NAFCO"), subject to a maximum borrowing limit of **US \$5bn**.

**Background**

BPXP is a US company, 100% owned by BP America Production Company ("BPAPC"). The ownership structure is shown in Appendix I. An IFA currently exists (mnemonic BGOM) in the BPXP entity, but the IFA was created under the IFA agreement for BPAPC and has remained in surplus.

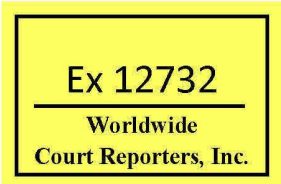
All of the expenses related to the Deepwater Horizon incident response will be managed within the BPXP entity. As a result of the ongoing funding requirements of this activity, it is appropriate to put in place an IFA agreement between BPXP and NAFCO. Finance has developed a process for ensuring both the internal and external costs associated with the Deepwater Horizon incident are correctly managed. If it is deemed through the process development that an additional IFA is required, that account will be established and governed under this new IFA legal agreement and all accounts (in aggregate) will be subject to the maximum credit limit.

**IFA Summary**

Currency of IFA:	USD
IFA borrowing limit:	\$5,000,000,000.00
Counterparty:	BP Exploration & Production Inc.
Counterparty GRA:	10600
Legal entity country of incorporation:	USA
Location of assets/operations:	USA
Matrix tier:	Tier 1 < 1 Year
Interest rate on borrowings:	Libor + 145 basis points
Interest rate on deposits:	Libid - 12.5 basis points
Finance contact (GAIT owner) for NAFCO:	Stephen Vassar (Stephen.Vassar@uk.bp.com) Tel: +44 20 7948 7965
Finance contact for counterparty:	Michele Sargent (Michele.Sargent@bp.com) Tel: +1 (281) 366-8596 Jonette Keys (Jonette.Keys@bp.com) Tel: +1 (281) 366-1548

**US Tax Analysis**

No tax issues arise as a result of this IFA Agreement.



**Treasury Analysis**

The interest rate applicable to this IFA has been taken from BP's matrix of interest rates (effective January 1, 2010) used to price intra-Group loans. Details of the matrix tier for this IFA are given in the summary section above.

This is a standard NAFCO IFA agreement with no deviations from the standard process.

**Finance Analysis**

The functional currency for both the counterparty and NAFCO is US Dollars. As such, any IFA established under this agreement will not generate a foreign exchange exposure.

**Legal**

US Legal has reviewed the IFA Legal Agreement. The proposed Agreement conforms to Group funding policy and adequately reflects the terms of the transaction contemplated by the SFN.

**Implementation**

Upon support of this SFN, the IFA Legal Agreement will be executed by the appropriate officers of each company. If any further IFAs are deemed necessary for this entity, those accounts will be governed under this IFA Legal Agreement.

**Consultation:**

The proposal has been networked and has the support of Tax, Finance, Treasury and Legal.

**Jane Stricker****Manager, Group Funding Americas****May 20, 2010****Contributors**

Jonette Keys	Finance, GoM Finance Controller
Michele Sargent	Finance, BPAPC
Hans Boas	Treasury, Legal
Tejal Shah	US Finance
Dave Herman	US Finance
Jolletta Martin	Global Treasury Services
Patricia Hanson	Global Treasury Services
Doug Coulter	US Tax
Michelle O'Donnell	Treasury, Finance
Stephen Vassar	Treasury, Finance

**Copied to**

Dale Shallow	US Tax
Martin Giles	Treasury, Group Funding

**Appendix 1:  
CorpNet Ownership Structure for BP Exploration & Production Inc**

Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Owning Entity	Formation Country	% BP Owned
							<a href="#">View Ownership Chart for BP p.l.c.</a>	England and Wales	100%
							BP Holdings North America Limited	England and Wales	100%
							BP America Inc.	USA	100%
							BP Corporation North America Inc.	USA	100%
							BP Company North America Inc.	USA	100%
							BP America Production Company	USA	100%
							BP Exploration & Production Inc.	USA	100%

**Wilk, Erika Simone**

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**From:** Sanyal, Dev  
**Sent:** Tuesday, May 25, 2010 2:17 AM  
**To:** Stricker, Jane; Bartlett, John H  
**Cc:** Giles, Martin F; Bamfield, Nick MH  
**Subject:** RE: SFN for new IFA Agreement - to go to BE Grote for support

Jane, a very clear note - this has my support

Thanks  
Dev

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**From:** Stricker, Jane  
**Sent:** 24 May 2010 15:11  
**To:** Bartlett, John H; Sanyal, Dev  
**Cc:** Giles, Martin F; Bamfield, Nick MH  
**Subject:** SFN for new IFA Agreement - to go to BE Grote for support

Dev and John,

Attached for your review and consideration is an SFN requesting support for the creation of a new IFA Agreement between BP Exploration & Production Inc (BPXA) and NAFCO. All of the costs associated with the Deepwater Horizon incident are to be managed within this entity, so an IFA Agreement is necessary to ensure adequate funding is available. This is a standard NAFCO IFA Agreement, but the magnitude of the borrowing limit (US \$5 billion) requires Byron's support. Once you have reviewed and confirmed your support, I will forward the SFN to Byron for final support.

<< File: SFN100515\_BPXP IFA with NAFCO\_final2.doc >>

Attached here are the emails of support from Jim Dietz and Audrey Hill (under Brian Smith's DoA).

<< Message: RE: SFN for new IFA Agreement to go to BE Grote for support >> << Message: RE: SFN for new IFA Agreement to go to BE Grote for support >>

If you have any questions or concerns, please let me know.

Regards,  
Jane Stricker

**Wilk, Erika Simone**

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**From:** Bartlett, John H  
**Sent:** Monday, May 24, 2010 10:37 AM  
**To:** Stricker, Jane; Sanyal, Dev  
**Cc:** Giles, Martin F; Bamfield, Nick MH  
**Subject:** RE: SFN for new IFA Agreement - to go to BE Grote for support

Jane

The SFN has my support,

Thank you,

John Bartlett  
Group Head of Tax,  
BP plc  
1 St James's Square  
London SW1Y 4PD

Telephone: +44 (0)20 7496 4440  


BP International Ltd, a company registered in England and Wales, company number 542515, VAT number GB 243 5105 93; registered office Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP

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Regards,  
Jane Stricker