BP Testimony to House Resources and House Energy

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April 25, 2012
BP in Alaska

How BP makes investment decisions

What could growth in investment mean for Alaska’s future
BP in Alaska since 1959

- 53 years in Alaska
  - Office opened in 1959
- $13.4 billion in upstream spend with Alaska Firms the last 10 years
- 2,100 Employees (82% Alaska residents)
  - 275 APICC students hired in last 10 years
  - 54 internships, 100+ fulltime jobs in last 5 years
- 6,000+ Contractors
- $70 million of direct community investment since 2001
BP in Alaska

How BP makes investment decisions

What could growth in investment mean for Alaska’s future
Global investment is limited and goes to the most attractive regions

Source: DOR presentation to House Resources, April 21, 2012

Historical Oil Production: How Did Our Competition Fare When Prices Spiked?

- Texas
- Alaska
- North Dakota
- Alberta
- Price - WTI nominal

Source: DOR presentation to House Resources, April 21, 2012
The tax policy will greatly influence how many projects move forward.

- Healthy base business
- Brightwater, Multi-lateral drilling, Lo Sal, etc.
- $5 billion in potential new investment
  - Prudhoe I Pad
  - Kuparuk Eastern NEWS
  - Prudhoe Sag @ scale
  - Add’l drilling in legacy fields
Agenda

BP in Alaska

How BP makes investment decisions

What could growth in investment mean for Alaska’s future
Declining production is a crisis

GF Revenue versus Appropriations FY13 to FY18
Spring 2012 Revenue Forecast With 4% GF Growth beginning in FY2014

General Fund Expenses (4% GF growth)  General Fund Revenue
Revenue (6% production decline)  Revenue (4% production decline)

Source: Office and Management and Budget presentation to House Resources, April 25, 2012
Two-thirds of production in 2020 derives from activity performed from 2012 to 2020

Legacy Field Production mb/d gross

- Add'l opportunities*
- $5 billion of Projects
- Continued Wellwork and Drilling
- Natural Base Decline

Two-thirds of production in 2020 derives from activity performed from 2012 to 2020.

* Indicative
Key Messages

• ACES is a no growth policy that bets Alaska’s future on high oil prices

• Legacy fields are the only near-term option for new production

• If taxes do not change, our business will have to

• Other regions, like Alberta, have lowered taxes and increased investment and production