INDEX

1. SUMMARY

During 2004 BP Norge made a significant progress in the HSE area. The biggest change was related to the cultural training, mainly focused on safety. All leaders and seniors went through a 2 days leadership training session and all staff including contractors (unless they were running a similar program in their own company), went through a 1-day HSE culture workshop. Feedback from this training has been very positive and the follow-up, with safety culture modules, has also been well received.

On the output side, overall results are positive although we saw an increase from 2 HIPOs in 2003 to 4 in 2004. The number of Total Recordable Injuries however, had a significant reduction from 31 incidents in 2003 (TRIF 1.81) to 14 incidents in 2004 (TRIF 1,09). The number of Days Away From Work Cases (DAFWC) were reduced from 4 to 3 in 2004, but the frequency stayed at 0.23 as BP Norge had fewer manhours in 2004 (in 2003 the Gyda platform was included for 8 months).

Sick leave also remains low at 3% and lifestyle surveys are being conducted to prevent and minimise sick leave. On the environment side, we have had another good year in terms of leaks and spills; we had 3 spills above 1bbl and, in spite of a major new facility coming on stream (Valhall IP), we have remained at 11 leaks during 2005; only one of these was close to 0.1 kg/s.

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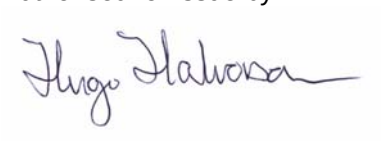


Hugo Halvorsen
Health, Safety and Environment Manager

2. BPN HSE Plans 2004

2.1 Valhall PU 90 days plan

To ensure focus and delivery Valhall PU has prepared 90 day HSE improvement plans for Valhall field operation. Similarly, BP and Smedvig prepared 90 day plans for the West Epsilon drilling rig drilling on the Valhall flanks.

Highlights from HSE activities on Valhall;

Health and working environment

- The plan for ensuring qualified rest and restitution was implemented 1Q.
- Refurnishing cabins to improve sleeping conditions have been done for cabins where personnel are co-sleeping.
- Upgrades of cabins with sub standard hygienic standards.
- Personnel who are exposed to high noise have been offered individually tailor made hearing protection.
- Noise maps have been prepared with indications of max exposure times.
- Other measures to improve control with noise exposure have been implemented.
- A tailor made course for Valhall operators and technicians in safe handling of chemicals have been prepared and training started 4 Q.
- Welfare committees have been re-vitalised.

Safety

- The BU driven initiatives for introduction of new HSE Directives, safety leadership and HSE culture have been main activities on Valhall. The HSE culture follow up activities are supported by two full time HSE coaches on rotation from 3Q.
- Focus on enforcing proper use of the permit to work system. The “Samarbeid for Sikkerhet” permit to work system was implemented in 3Q.
- Courses in proper use of fall arrest equipment were organized 4 Q.
- High activities to ensure control with lifting equipment and lifting operations including competence assurance.
- Implementation of training and certification of personnel with Area Authority.
- High focus on ensuring safe start up of IP drilling activity.
- Ensuring all Traction actions are closed on time. In 4Q the norm became zero overdue.

External environment

- All main suppliers of chemicals are requested to focus on phasing out chemicals potentially harmful to health and environment through their contracts and annual performance contract. Four “red” and one “black” chemicals (ref. SFT category) have been replaced with “yellow” alternatives.
- Focus on improving the system for waste segregation.
- Planning of produced water re-injection when injection wells become available.

Technical integrity

- 1 and 2Q focus was to ensure that all safety critical elements (SCE) were identified in the Workmate maintenance system.
- 3-4 Q focus has been to ensure a proactive maintenance of all SCE with zero overdue as the expectation.
- Mapping of barriers to prevent major accidents have been ongoing through the year.
- Implementation of improvements after barrier mapping.
- Follow up of recommendations from OLF group for reduction of hydrocarbon leaks.
- Initiated update of QRA on Valhall, expect completion 2Q 2005.

Highlights from HSE activities on West Epsilon (WE);

Health and working environment

- Upgrade and changing the flooring in corridors and offices.
- Repair and upgrade of the ventilation system, living quarter and galley.
- Installed new freezing and cooler room.
- Upgraded the ventilation in shaker room and moved the sampling point outside the room to reduce exposure to noise and vapour.
- Personnel who are exposed to high noise have been offered individually tailor made hearing protection.
- Noise maps have been prepared with indications of max exposure times.
- Other measures to improve control with noise exposure have been implemented.
- Installed new BOP crane to improve ergonomics and personnel exposure.

Safety

- The Smedvig Offshore driven Step Change for better HSE performance have been main activities on West Epsilon.
- The Decision Point risk identification program was introduced on WE (the eight energy sources octagon). Introduced the ½ mm process on WE.
- Training and verification in the five safety critical procedures done with all crew onboard.
- HSE culture follow up activities are supported by two full time HSE coaches on rotation from 3Q. (WE is a part of this work).
- Focus on enforcing proper use of the permit to work system. Agreed that the "Samarbeid for Sikkerhet" permit to work system will be implemented on WE.
- Courses in proper use of fall arrest equipment were organized 4 Q and started 1Q 2005.
- High activities to ensure control with lifting equipment and lifting operations including competence assurance.
- Influence crews towards 50% of UF's reported to be behaviour related.

External environment

- Focus on getting more environmentally acceptable pipe dopes.
- Focus on improving the system for waste segregation.
- Initiative to reduce cement and LCM residuals to be sent onshore for disposal.
- Improved integrity of drain system in BOP deck, to prevent un-necessary drips/spills down onto VFN.

Technical integrity

- 1 and 2Q focus was to ensure that all safety critical elements (SCE) were identified in the Smedvig`s VAM maintenance system.
- 3-4 Q focus has been to ensure a proactive maintenance of all SCE with zero overdue as the expectation.
- Modified the dropped object hatches on WE.
- Made and used a new dummy riser to reduce the risk of dropped object during conductor batch setting.

2.2 Ula PU 90 days Plan

To ensure focus and delivery Ula PU has prepared 90 day HSE improvement plans for Ula field operation.

Highlights from HSE activities on Ula;

Health and working environment

- Personnel who are exposed to high noise have been offered individually tailor made hearing protection.
- Electronic noise maps have been drafted showing indications of max exposure times.
- The plan for ensuring qualified rest and restitution was implemented 1Q, with the results of no co-sleeping on Ula.
- Risk assessments of hazardous chemicals have been performed.
- Working environment manual has been gone through by offshore team leaders and safety delegates.

Safety

- The BU driven initiatives for introduction of new HSE Directives, safety leadership and HSE culture have been main activities on Ula.
- The HSE culture follow up activities are supported by two full time HSE coaches on rotation from 3Q. HSE-culture activities have among others been: visible leadership, ASA, Stop, quality conversations, follow through modules.
- Focus on enforcing proper use of the permit to work system. The “Samarbeid for Sikkerhet” permit to work system was implemented in 3Q.
- High activities to ensure control with lifting equipment and lifting operations including competence assurance.
- Ensuring all Traction actions are closed on time. In 4Q the norm became zero overdue.
- Focus on 8 Golden Rules.
- Updated emergency preparedness plans for Ula and Tambar.
- Implemented systematic HSE verifications.

External environment

- Focus on phasing out chemicals potentially harmful to health and environment.
- Focus on improving the system for waste segregation.
- Test and replaced a special corrosion inhibitor that caused problems.
- Focus on Low Radioactive Scale especially during shutdown.

Technical integrity

- High focus to conduct shutdown without HSE and integrity incidents, prepared overall integrated HSE Plan for the shutdown and performed a major Management of Change (MoC) review .
- Established a new risk tool (Grace), several workshops held to implement the tool.
- High focus to ensure that all safety critical elements (SCE) were identified in the Workmate maintenance system.
- Ensure a proactive maintenance of all SCE with zero overdue.
- Mapping of barriers to prevent major accidents have been ongoing through the year.
- Implementation of improvements after barrier mapping.
- Follow up of recommendations from OLF group for reduction of hydrocarbon leaks.

2.3 HSE culture change within BP Norge

During the period 2000 – 2004 BP Norge experienced unsatisfactory safety performance at the various installations in the North Sea, despite the fact that a lot of focus had been placed on the safety of the operations. A diverse work group was put together to examine reasons for the lack of progress on HSE performance. All our various efforts and interventions were examined, and it came clear that we had in the past primarily focused on technology, systems and procedures, while less focus had been on people's behaviour.

We wanted to have all members of the organization to think HSE 24 hours a day. The 2004 HSE plan reflected some of the key elements needed to start the cultural change journey. The intent of the plan was expressed as follows:

Building an engaged safety culture where expectations are clear, people trained, interventions are welcomed and consequences are understood.

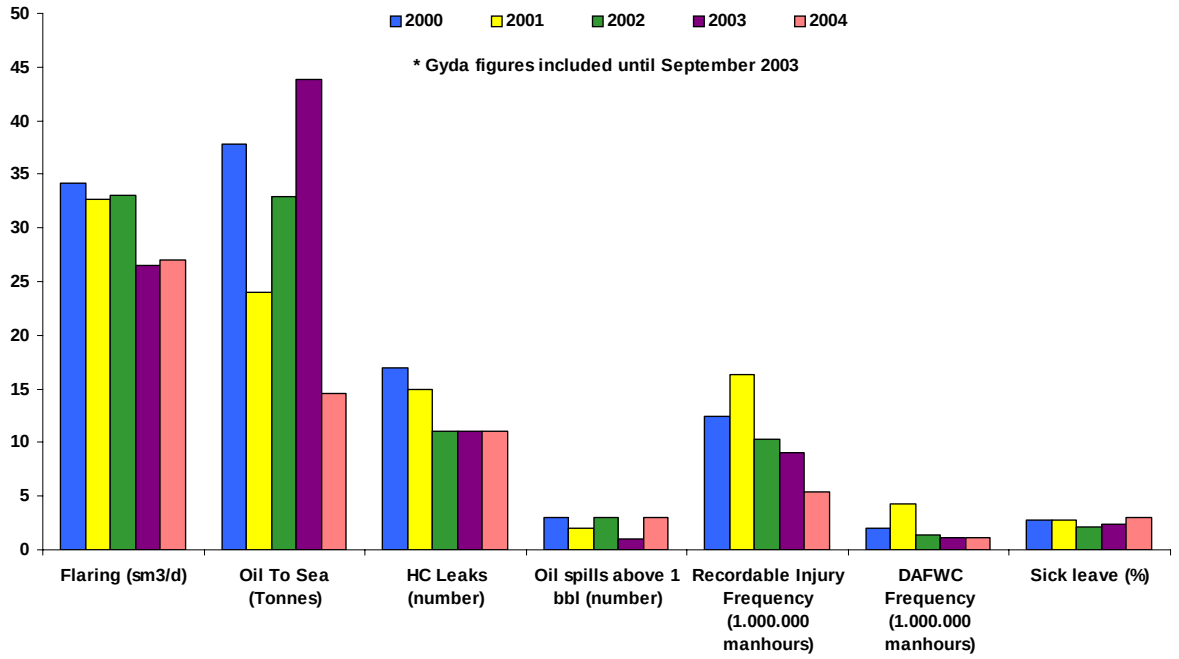
A work group was established to operationalise the plan and ensure supporting approaches were put in place. The work group concluded that it was important to impact the leadership first, and the reason for this was the desire to ensure leaders were up front to lead the effort. A 2 days safety leadership workshop was designed, and the pilot was conducted with the Norway Leadership Team in March 2004. In total 14 workshops were arranged. To provide a similar opportunity for all staff a HSE Cultural workshop was designed. The basis for the workshop was the same as the leadership workshop. The 1 day HSE cultural workshop started in September and was completed in November 2004. The participants were all staff incl. contractors, even leadership who had attended the leadership workshop in the Spring. The reason for this was to demonstrate the importance of this change effort, and allowing the team leaders the same experience as the staff.

The main operational HSE directives (ie Permit to Work, Lifting Directive, etc.) were simplified and re-issued in a standard format. All offshore staff incl. contractors were trained in a classroom utilizing a combination of lecture and online learning. The main training effort took place during the summer of 2004.

To help to sustain the change journey a Safety leadership follow-up plan was developed. Elements of the plan included Safety Cultural meetings, HSE coach role, continued leadership development, Time out for Safety, communication, support for the change effort, etc.

Realizing that cultural change will take time, a new HSE cultural workshop will be delivered during 2nd part of 2005 for all staff.

3. BP NORGE HSE PERFORMANCE



	2000	2001	2002	2003	2004
Flaring (sm3/d)	34,22	32,70	33,0	26,5	27,0
Oil to sea (Tonnes)	37	24	33	43,8	14,6
Hydrocarbon leaks (Number)	17	15	11	11	11
Oil Spills < 1 bbl (Number)	3	2	3	1	3
Recordable Injuries (Frequency) (per 1.000.000 manhours)	12,45	16,35	10,25	9,05	5,45
DAFWC (Frequency) (per 1.000.000 manhours)	2,00	4,30	1,40	1,15	1,15
Sick leave (%)	2,80	2,82	2,10	2,35	3,0
Green House Gases (Tonnes)**	312,078	324,000	318,471	258,524	268,821

Gyda figures included until September 2003 / ** Includes Draugen equity share.

4. HEALTH & WORKING ENVIRONMENT

4.1 Health & Working Environment Department

The Department consists of a Company Doctor, Company Nurse, Working Environment Advisor, in addition to a Physiotherapist and a Occupational Hygienist both on 50% contract. The offshore nurses report professionally to the Company Doctor.

In addition to statutory requirements the Health Service focus on reduction of sick leave and health promotion through life style campaigns, fitness training and fitness campaigns.

4.2 Follow up of working environment

BPN is actively working to improve "Kjemirisk" a web based tool for evaluating chemical risk, in cooperation with OLF and other operators. BPN is one of few users of the Logichem chemical database system, which has proven to be a stable and well working tool for dealing and daily use of hazardous chemicals.

OLF has started a "Noise risk" project and BP is participating in the steering and working group of this project. The scope for the project is:

Systematize common practice in Norwegian oil companies with regards to Noise handling, and propose an OLF-noise guideline. This includes acceptance criteria, detention times in high noise areas, labelling, use of PPE, job rotation to reduce noise exposure etc.

PSA continues the risk indicator project in 2004. The risk indicators cover data from chemicals and noise factors on Valhall and Ula. The PSA evaluation from responded data indicates that BP has registered a relatively large number of hazardous chemicals offshore. Noise levels are comparable with levels at platforms at the same age as Valhall and Ula.

A multidisciplinary group has evaluated measures to ensure "qualified restitution and rest". Organizational measures are implemented and BP will found a research project at the University in Bergen, where different aspects of restitution and work will be focused.

We have also put focus on balance between offshore work and family life, together with the North Sea Chaplain. This work has been coordinated by the company nurse onshore.

4.3 Sick leave

Sick leave was 3%. Last year long term sick leave increased by 150 % due to several cases of serious illnesses. Increasing age in offshore staff is probably the main cause. More cases are to be expected the next years due to aging staff. Ref. table 4.1.

4.4 Medevacs

Medical evacuation (by regular flights) is lower than 2003 (94 versus 156). Lower activity is probably the main cause. Main reasons for evacuation is musculo-skeletal illness (30%), infectious illness (40%) and social problems (10%). Ref. table 4.2.

4.5 Medrescue

6 evacuations by ambulance helicopter in 2004 (5 in 2003), 2 serious injuries and 4 cases of illness.

4.6 Work related illness (WRI)

46 cases have been reported to the PSA. Increased awareness from the Health Service and increased information to staff have increased the number of cases in 2004, compared to 2003. 8 cases fulfils the OSHA reporting criteria and is reported into Traction. Ref. table 4.3.

4.7 Health promotion

A new round of life style profile analysis where offered to on- and offshore staff 2004. The interest among staff is still satisfactory. Results will be presented by end 2005.

A total of 15 ergonomic presentations were given for teams within BPN throughout 2004. Individual assessments of workstations were offered and preformened after the presentations. Work has started on developing a system so the physiotherapist is informed of all employees that move offices or new employees to offer ergonomic help.

Physiotherapy consultation was offered on site to aid in the effort to reduce sick leave.

In the area of health promotion we are pleased to report an increase in usage of the fitness facilities at BP Gården. 2004 showed an increase in the number of visitors per week compared to 2003.

Table 4.1 Absence due to illness

Absence due to illness (Sick leave - %)

2004	*Total*	*Shortterm*	*>8 weeks*
BP Norge	3.0	1.8	1.6
Onshore	2.4	1.0	1.0
Valhall	4.4	2.2	1.5
Ula	8.4	2.4	5.6

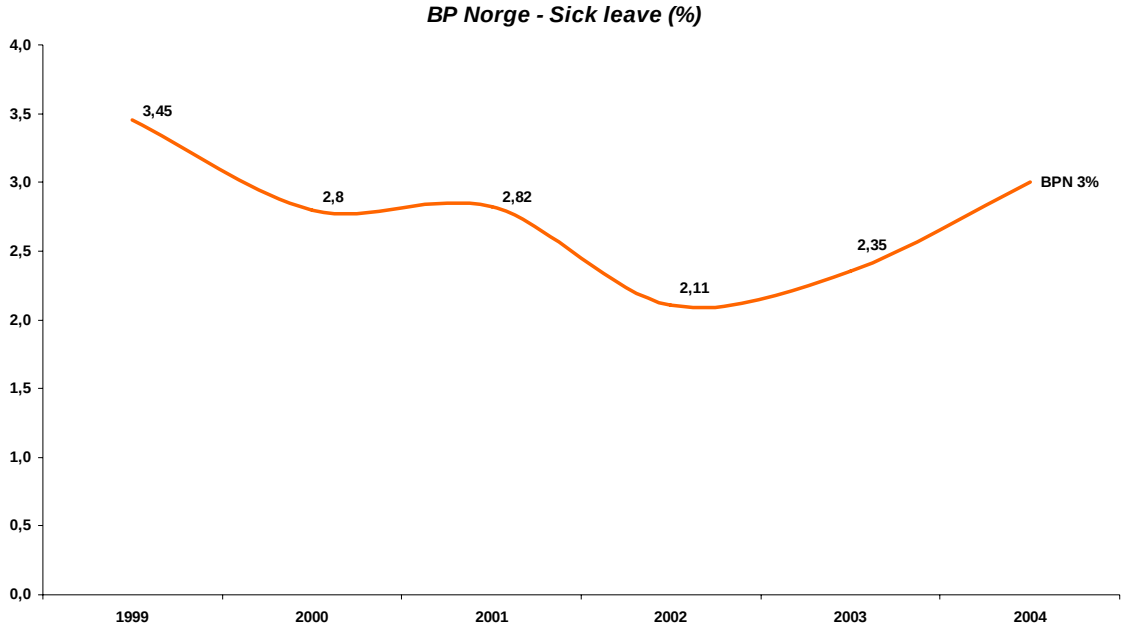


Table 4.2 Medevacs

Medical evacuations (by regular flights)	**Ula**	**Valhall**	**Total**	**Medrescues** (by ambulance helicopter)
2002	32	111	143	5 (2 deaths)
2003	51	107	158	5 (1 inj + 4 illn)
2004	22	70	92	6 (2 inj + 4 illn)

Table 4.3 Work related Illness

46 cases of work related illness have been reported to the PSA in 2004.

WRI – Work related illness	**Ula BP**	**Ula Contr.**	**Valhall BP**	**Valhall Contr.**	**TOTAL**
Skin	1			4	5
Muscular-skeletal	2	6	8	21	37
Other causes	2			2	4
Total	5	6	8	27	46

5 SAFETY

5.1 Getting HSE right

The assessment formed the BPN component of gHSEr. The Champions for each element was asked to consider Getting HSE Right, the Integrity Management Standards, Upstream Environmental Expectations and the 8 Golden Rules. A cross section of the workforce was involved in assessing each element. The assessments were done through face-to-face meetings and video conferences.

Recommendations from the assessment:

Plans – Follow up: The area require a continuous attention with follow up of plans and this still needs attention.

Missing procedures: A mapping of all governing procedures should be done, and a gap analysis performed to reveal missing descriptions.

Shortage of pre start up reviews: Verify to assure that lessons learned from projects are incorporated in existing BP routines/procedures.

Update of drawings: This topic is repeated in the gHSEr every year and PSA audits in general.

Missing trend analysis of incidents: It is recommended to perform an annual trend analysis, and this should be addressed in the annual HSE plan.

Process for lessons learned: A systematic approach on how to deal with lessons learnt has not been fully described before this assessment was performed. As a result from this assessment a procedure has been worked out and weekly lessons learned meetings are held in the HSE department.

5.2 Safety and emergency preparedness training

The ECR team has trained on a large exercise together with Ula, ConocoPhillips, Talisman and CHC HS. The scenario was a helicopter ditch near Ula with 21 dolls in the sea. These were successfully picked up within one hour by SAR helicopters, MOB boats and the standby vessel.

The ECR team has trained with Valhall personnel when they were at Sørlandets-sikkerhetssenter. This was repeated 3 times to include all personnel. Similar training was performed between Ula and onshore personnel twice.

The Business Support Team (BST) has had training and a table top exercise.

5.3 Emergency preparedness

5.3.1 Onshore emergency preparedness

The onshore team is stable and the turnover in 2004 has been small. BLT members in the ECR team have been replaced in order to free them for duty in the Business Support Team (BST) in case of an emergency.

5.3.2 Emergency preparedness database-offshore (Empreda)

Empreda continues to be used as the tool for tracking of training and exercises for personnel in the emergency preparedness teams. There have been no alterations to the application this year.

5.3.3 Norwegian Clean Seas Association for Operating Companies (NOFO)

BPN personnel with pre assigned duties in the NOFO emergency preparedness pool have attended NOFO seminars and conducted oil spill management training. The seminars have focused on meteorology and remote surveillance. The environmental group also conducted a site visit to the area of the Rocknes accident to capture learnings from the clean-up and recovery of the area.

An oil spill tabletop exercise for one of the BPN ECR teams was also conducted in 2004. This exercise focused on tackling a spill identified from satellite surveillance.

5.3.4 Co-operation on emergency preparedness

Co-operation between BPN, ConocoPhillips and Talisman in the area emergency response organization continues to work well. This co-operation has been audited by the PSA and the Norwegian Pollution Authority.

5.4 Risk and emergency preparedness analysis

One major focus area in 2004 was the planned turnaround (shutdown) offshore. To provide assurance that the activities could be undertaken with a high level of safety and to eliminate unacceptable risks, several initiatives in terms of risk and emergency preparedness analyses were initiated and concluded upon.

During 2004 we also established a course in risk analysis for First Level Leaders. This course gives a flavour of the various risk analyses being used within BPN. The course gives indications on specific characteristics for the various analyses, typical resources and typical outputs.

During 2004 the following risk and emergency preparedness analyses have been performed as part of normal operation. Note that the listing is only a brief summary of the activities with respect to risk and emergency preparedness during the last year;

- A number of Hazard and Operability studies.
- The directive for risk analysis and acceptance criteria was updated during 2004.
- The Quantitative Risk Analysis (QRAs) were updated and significantly improved in terms of presentation of results.
- Prepared course for all new personnel travelling offshore prior to shutdown.
- Finalized a course/tool in hazard identification, named GRACE (Group Risk Assessment Conversation and Experience transfer). The tool was rolled out as part of the extensive Safety Leadership Training performed by BPN during 2004.
- Performed an extensive barrier mapping survey on Ula and Valhall. 75% of the barriers are now mapped.
- Performed a risk analysis for SWAT team related to change in “mother installation”.
- Performed Project Risk Analysis for Projects.
- Performed several SAFOP’s (Safe Operation) of the Tambar pipeline work. A number of operations had to be undertaken due to the leak occurring in the pipeline, and all operations were subjected to a structured review onshore prior to commencing operation offshore.
- Performed an extensive deviation risk analysis on lifting procedures on Asco base. This analysis formed the basis for an approved deviation towards BP lifting rules.

5.5 Marine safety

Marine safety has had high priority during the year. There have been many vessel intakes requiring inspection of the vessels and training of the new crews in HSE issues. Many of the existing and new ship owners have been audited by BPN during the year. All activity has had the aim of improving HSE awareness and performance on the vessels.

5.6 Golden rules of safety Immersions campaign – Driving safety

The main focus during the year has been on driving. This is a major issue for BP world wide as it is driving related incidents that claim most lives in work related accidents. The campaign has been rolled out to everyone in the BPN organisation. There have been training sessions for team leaders to prepare them to talk to their teams regarding the requirements of the functional standard and how it will effect them. The defensive driving courses were developed locally towards the end of the year for roll out in 2005.

5.7 HSE initiatives

5.7.1 HSE contractor conference

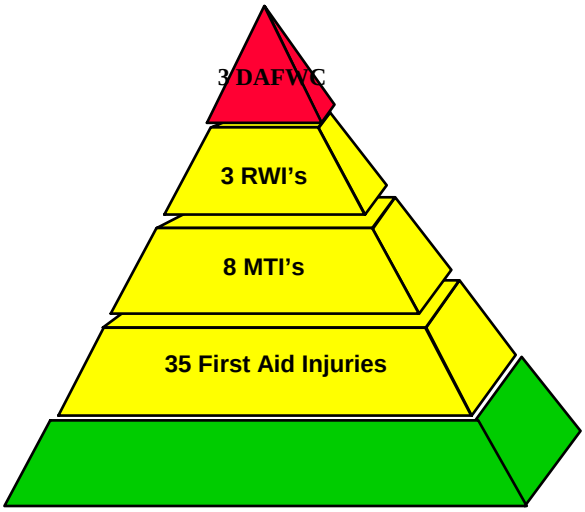
The annual HSE Contractor day was arranged the 24th of November. The purpose of the HSE day was to share experiences and good practices, celebrate successes and get alignment with the contractors on the way forward.

Twenty-one of BPN’s most important contractors attended the event. HSE Leadership and personal involvement was the main topics for this year’s Contractor HSE Day. Our special guest speaker, Håkon Sivertsen, addressed us on “HSE culture”, and BPN’s Asbjørn Hide gave a presentation on risk conversations. We followed up with group discussions to propose the next steps we, as company and as individuals, need to take to further improve our HSE performance*.*

5.7.2 Family HSE day at Holmavatn

Around 230 people attended the HSE day at Holmavatn. The participants could participate in a lot of useful activities; first aid, safety at sea, archery, building of kites etc. They also got information/tastes about healthy food.

5.8 Accidents & incidents



5.8.1 High Potential Incidents (HiPo's)

Four of the incidents in 2004 were classified as HiPo's;

Valhall – 2.1.04
During an attempt to lift the master bushing from the rotary table with a remote operated tugger winch, the wire broke and fell down on the rig floor. None was injured.

Valhall Flank North (VFN) – 2.4.04
During completion of well N14 the Simops telescope crane came in contact with the dropped object deck on West Epsilon situated above. This caused a plate from the dropped object deck to dislodge and fall down 15 meter to the VFN main deck. The plate with a weight of approx. 350 kg hit a person who received serious injuries to his leg and face. Both the Police and PSA established investigation teams, in addition to BPN internal investigation team.

Valhall IP – 16.4.04
During lifting of a pipe handling trolley two of the lifting lugs broke off and the trolley with a weight of 1.9 tonnes fell down 7 meter. None was injured.

Valhall – Supply vessel "Active Lord" – 27.8.04
While preparing to unload cargo from the supply vessel to Valhall QP, a large wave hit the stern of the vessel. The wave hit 2 sailors on deck, and they were moved approx. 10m along the deck. One sailor got a minor head injury.

5.8.2 Days Away From Work Cases (DAFWC)

West Epsilon – 10.1.04
A $1m^3$ tank with soap was transported out of a container using a pallet trolley, during this operation the front wheels of the trolley tipped outside the container door. When the person attempted to push the trolley and tank out of the container his arm got wedged in between the tank and the wallet which resulted in a broken wrist.

Valhall Flank North (VFN) – 2.4.04
Person was hit by a plate which fell 15 meter to the VFN main deck, he received serious injuries to his leg and face. See HiPo description.

Nutec training centre – 11.11.04
Person got fractures in several ribs during lifeboat training in Bergen. The person was hit in the ribs by the boathook when trying to free a dummy from the propeller and steering system of the lifeboat.

5.8.3 Restricted Work Injuries (RWIs)

Valhall 4.6.04
Person twisted his left foot, which caused pain in the knee, when he came down the stairs from the walkway over to PCP.

Valhall – Supply vessel "Active Lord" – 2.8.04
One sailor got a minor head injury when a large wave hit the stern of the vessel. See HiPo description.

Statoil building Forus - 16.11.04
BP employee slipped at icy paving stones and hit head on a granite column, when leaving the Statoil building after a conference.

5.9 Hydrocarbon Leaks

The following HC leaks were recorded in 2004;

Valhall/Hod/Flanke:

Date and Location	ID in Traction	Description	Cause of leak category
12.01.04 Valhall PCP	IR-742887	An operation was ongoing to grease a USDV for maintenance purposes. Injection of grease was performed through a nipple with only a check valve as barrier against 25 bar. The injector cap had been carefully removed in preparation for attachment of the flushing system to button head connector. During removal of the cap there was no indication of gas leakage. Whilst the technician was preparing to connect the flushing system, gas started to leak from the fitting.	**Operation** Improper energy isolation
13.02.04 Valhall PCP	IR-772171	A minor gas leakage occurred during start-up of crude oil pump P-302C. Leak source was a detached "pipe plug" in drain from a miniflow line. The "pipe plug" was probably detached due to vibrations.	**Equipment** Mechanical failure / fatigue / wear
11.03.04 Valhall WP	IR-833575	During start-up of well W-15 a minor leakage from grey-lock connection between choke and tie-in spool occurred.	**Equipment** Erosion
23.07.04 Valhall PCP	IR-986120	A leak occurred in a 8" flowline in the flank module. Estimated initial leak rate was close to 0.1 kg/s.	**Equipment** Erosion
26.10.04 Valhall PCP	IR-1103294	A minor gas leak from a ¼" bleed off valve occurred during start up of compressor K302A. The leakage was caused by a missing cap.	**Operation** Left open
05.11.04 Valhall PCP	IR-1117448	A minor gas leak occurred inside the turbine hood. The leak was located in the transition between the fuel pipe and the fuel nozzle. The leak was caused by a broken gasket.	**Equipment** Mechanical failure/fatigue/ wear

Ula/Tambar:

Date and Location	ID in Traction	Description	Cause of leak category
29.01.04 Ula P	IR-758137	A minor gas leak occurred when gas turbine was started (test) after shutdown due to maintenance.	**Operation** Incorrectly fitted
21.04.04 Ula D	IR-875O33	A minor gas leak occurred during wireline activity. The leak was located to the thread area of a bleeder port plug of the x-mas three upper master valve while the well was shut in for preparation for a wireline job. Leak was caused by wear and tear of threads.	**Equipment** Mechanical failure / fatigue / wear
18.07.04 Ula P	IR-980039	A minor HC leak occurred during maintenance activity of the metering proover loop.	**Operation** Improper energy isolation
29.08.04 Ula P	IR-1030106	A minor gas release was ignited by welding activity during shutdown period. Source of leak was evaporation of remaining condensate in a 3" condensate line.	**Operation** Improper energy isolation
07.09.04 Ula	IR-1045628	A minor gas leak occurred in gas turbine C. Leakage was located to a flange located on pipe downstream new gas supply valve. Main leak cause was related to improper force of attraction and lacking leak test.	**Procedural** Non-compliance with procedure

Drilling Rigs

No reportable hydrocarbon leak.

5.10 Spills

3 spills above 1 bbl was reported in 2004;

Valhall – 23.7.04
A leak occurred in a 8" flowline in the flank module. The leak was caused by a erosion. Approx. 400 litres of crude oil and associated gas were released whereof approx. 200 litres of oil leaked to sea.

V**alhall – 30.9.04**
There was released approx. 2.2m3 oil to sea from the produced water system. The reason for the release was that a polymer flow-back from well A-13 destroyed filter seperations in the produced water system.

Åmøyfjorden – 12.11.04
During a test of oil spill equipment at "Active Lord" in Åmøyfjorden, the hydraulic hose bursted which caused a discharge of 200 litre hydraulic oil to sea.

6. ENVIRONMENT

6.1 Environmental management system

BPN's environmental management system (EMS) is ISO 14001 certified. The environmental statement is available on our internet site (www.bp.no). BPN became the first ISO14001 certified offshore operator in Norway in 1997. BPN was re-certified in 2000 and again in 2003. We have found that our systematic approach to managing the environment has improved awareness and enthusiasm in the organisation, and consequently improved the environmental results.

Key elements embedded in the BPN's environmental management system are a commitment to continuous improvement and the 0-discharge philosophy *(no planned discharges of environmentally harmful substances).* A set of ambitious expectations to all BP Exploration and Production businesses, the BP Upstream Environmental Expectations, are also important in defining our stretch environmental targets. Our environmental improvement plan ('Environmental Improvement plan 2003-2004') has identified actions to meet these targets.

The following audits and verifications of BPN's environmental management system were carried out in 2004;

- 1 external audit (Dovre Sertifisering)
- 1 internal audit (chemical management)
- 1 internal verification visit to Valhall.

6.2 Operational discharges to sea

The discharges from Ula decreased compared to 2003 due to a higher reinjection rate. The discharges from Valhall increased due to higher water volumes and a slightly higher oil in water concentration.

Valhall had an acute spill from the produced water system in September 2004, but the overall performance in 2004 was good – 17 mg/l. Ula experienced an increase in the average oil in water concentration compared to 2003, but the overall result for 2004 was still well below the 40 mg/l limit (20 mg/l). Ula met the 90% reinjection target in 2004 which is the best result since 2001.

Further efforts to continuously phase out harmful chemicals in use were made in 2004. The phase out plans have been included in the performance contracts for the main suppliers and this has led to increased focus on phasing out the red chemicals.

6.3 Emissions to air

The total GHG emissions for 2004 was 269 151 tonnes which was above the BU target of 265 300 tonnes. Commissioning of the new turbines on Valhall, parallel running of new and old turbines and running the new turbines on low load caused the emissions from Valhall to increase more than what was forecasted.

6.4 Waste handling

The amount of non-hazardous waste generated from our operations decreased on Ula in 2004 and remained fairly constant on Valhall. The segregation level was increased from 2003 to 2004 mainly because the food contaminated waste (waste from the living quarter platforms that are incinerated onshore) has been included in the segregation rate.

On each installation we segregate and re-cycle paper, plastic, glass, metal, wood, food contaminated waste, electro waste and hazardous waste. Food waste is macerated and disposed to sea.

Mud and cuttings from our drilling activity is injected into formations deep under the seabed. Some cuttings still have to be sent to shore for treatment and this constitutes the majority of our generated hazardous waste.

6.5 Environmental performance results

BP NORGE

Performance indicator	2001 Result	2002 Result	2003 Result	2004 Target	2004 Result
Oil to sea from produced water (tonne)	26	33	14	-	14,6
Oil spills to sea > 1 bbl	2	3	1	0	3
GHG equity (CO_2 + 21 x CH_4) (tonne) incl. non operated	324 000	318 471	258 524	222 000	268 821
Flaring sm^3 / day	32 703	33 000	23 926	28 000	26 619
Waste (non-hazardous, tonnes)	1 178	1 022	945	-	655

ULA / TAMBAR

Performance indicator	2001 Result	2002 Result	2003 Result	2004 Target	2004 Result
Oil to sea from produced water (tonnes)	6,7	6,7	8,9	9	7,7
Percent re-injection (prod. water)	91	77,3	83,4	90	90
Average concentration of oil in produced water (mg/l) discharged	18	9	17	-	20
Spills to sea (oil or chemical) > 150L	2	1	0	-	0
Spills to sea (oil or chemical)> 10L	0	0	0	-	2
GHG gross (CO_2 + 21 x CH_4) (tonne)	180 005	164 057	166 101	171 250	165 883
Flaring sm^3 / day	9 326	6 444	7 223	8 000	7 155
Waste segregation* (percent)	46	57	58	-	74

* includes metal

VALHALL / HOD

Performance indicator	2001 Result	2002 Result	2003 Result	2004 Target	2004 Result
Oil to sea from produced water (tonne)	5,5	7,9	5,1	-	6,9
Average concentration of oil in produced water (mg/l)	18	20	15	17,5	17
Spills to sea (oil or chemical) > 150 L	2	4	4	0	2
Spills to sea (oil or chemical)> 10L	2	1	4	-	4
GHG gross (CO_2 + 21 x CH_4) (tonnes)	285 199	288 170	304 798	302 600	329 198
Flaring sm^3 / day	20 616	23 374	16 703	20 000	19 464
Waste segregation (percent)*	39	54	54	-	64

* includes metal

7. ASSURANCE & SUPERVISORY ACTIVITIES

7.1 Petroleum Safety Authority supervisory activities

The following statutory audits were performed in 2004;

Petroleum Safety Authority;

- Go for the future (GO4F) – PSA plan to close in April 2005.
- Valhall well kick 2/8-A08B – Investigation performed, report delayed.
- Valhall Flank North – Serious injury 2.4.04 – Two improvement notifications given.
- Valhall helicopter and emergency preparedness – Helicopter deck on Valhall needs re-arrangement.
- Valhall Technical Integrity on supporting structures – Schedule and improvement of management systems.
- South Area Emergency Preparedness – Comments on standby vessel and response time.
- Valhall re-development hotel/process – Issues on wave height and rest and restitution.

Norwegian Petroleum Directorate;

- Ula Fiscal metering – Some minor comments.
- Valhall fiscal metering – Some minor comments.

7.2 Audits and verifications

The HSE department has carried out the following activities according to the BPN Supervisory Activity Program for 2004:

Internal Audits;
- Drilling & Wells Policy
- Emergency Preparedness
- Environment (Chemical Management)
- GO4F Follow-up
- Integrity Management
- Ula Ship Collision 2003-Follow up
- Offshore Competency Management

External Audits;
- Asco
- BJ/Vestfonn
- CHC HS
- Rovde Shipping
- Farstad Shipping
- Simon Møkster Shipping
- Ugelstad Shipping
- DOF Management
- Aker Kvaerner Offsh. Partner, new M&M contract
- Vetco Aibel, new M&M contract
- Sørco/Bjørge, new M&M contract

BPN personnel have also participated in 3-yearly GHSER audits in UK and Azerbaijan.

7.3 Advanced safety audit (ASA)

94 persons have been trained in ASA in 2004, of which 15 attended re-fresher training. This number includes both BPN and contractor personnel. Courses have been arranged at different locations like Forus, Tananger, Jåttåvågen and Gr. Yarmouth. The following contractor companies have participated:

- BJ
- AKOP
- Halliburton
- Schlumberger
- Universal

ASA activities are part of all relevant performance contracts. Reporting data are formally loaded into Traction for further review and learning.

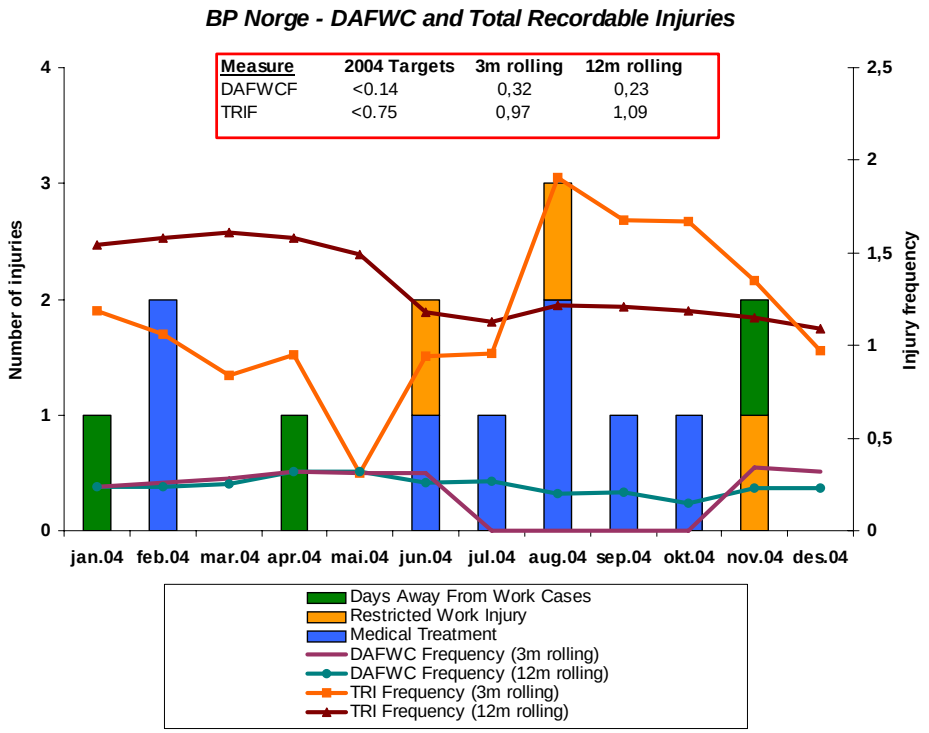
8 TABLES AND DIAGRAMS

8.1 BPN Accident statistics 2004

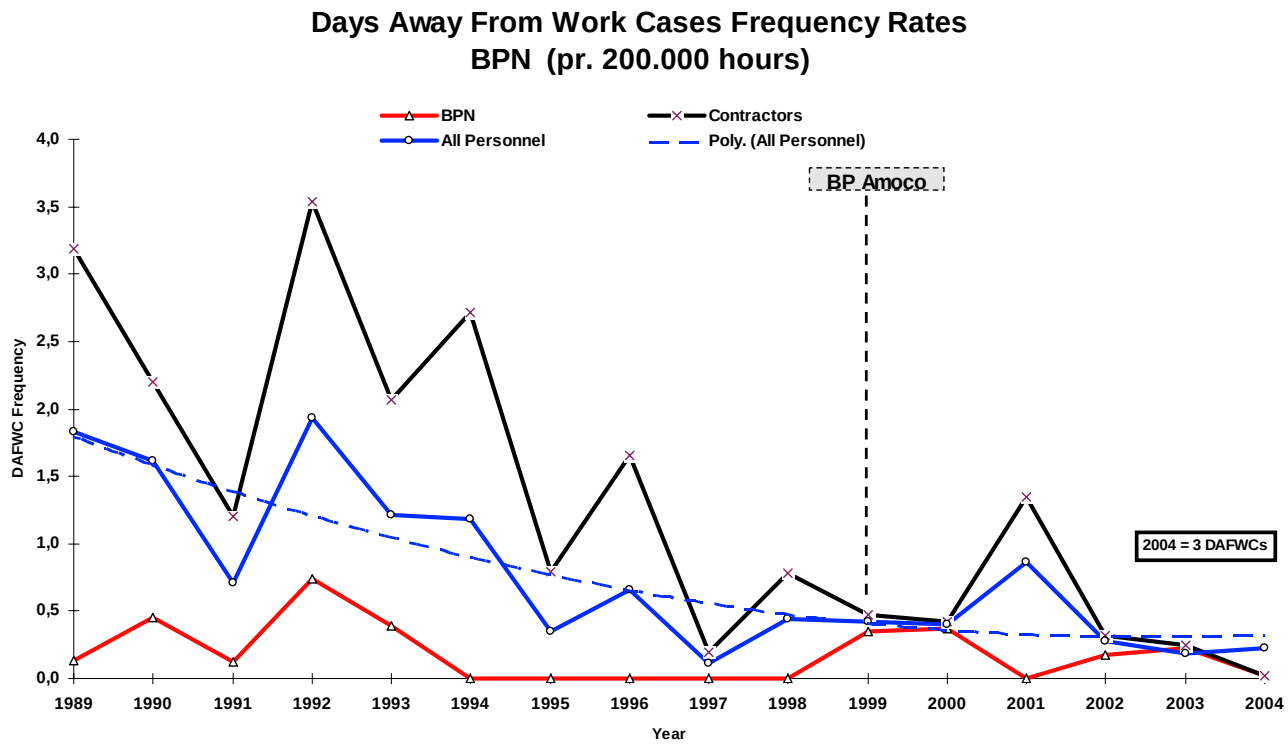
Site	Company	Man-hours	DAFWC		Restricted Work Injury		Medical Treatment		Total Rec. Injury		HC Leaks	Fire	Oil spill to sea >1bbl
			No.	Frq.	No.	Frq.	No.	Frq.	No.	Frq.	No.	No.	No.
ULA PU	BPN	200335	0		0		0		0				
	Contractor	291017	0		0		1		1				
	Total	491352	0		0		1		1		5	0	0
Valhall PU incl. West Epsilon	BPN	483382	0		0		0		0				
	Contractor	1256830	2		2		7		11				
	Total	1740212	2		2		7		11		6	0	2
BP Gården excl. Ula & Valhall PU	BPN	246329	1		1		0		2				
	Contractor	96600	0		0		0		0				
	Total	342929	1		1		0		2		0	0	1*
BPN TOTAL	BPN	930046	1		1		0		2				
	Contractor	1644447	2		2		8		12				
	Total	2574493	3	**0,23**	3	0,23	8	0,62	14	**1,09**	11	0	3

* Spill to sea in connection with a test of oil spill equipment in Åmøyfjorden

8.2 DAFWC & Total recordable injury frequency



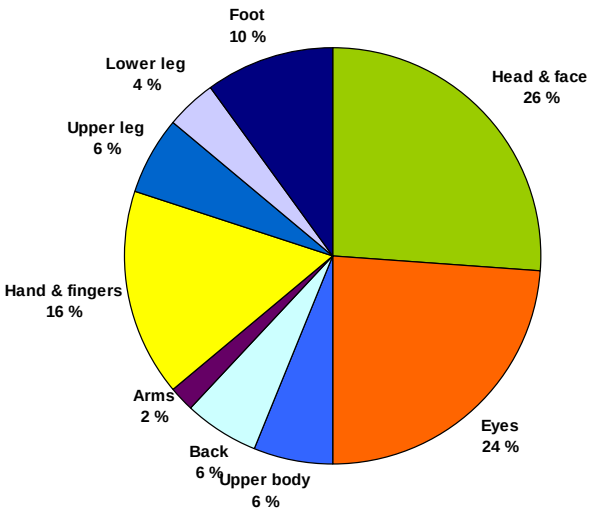
8.3 Days away from work cases frequency



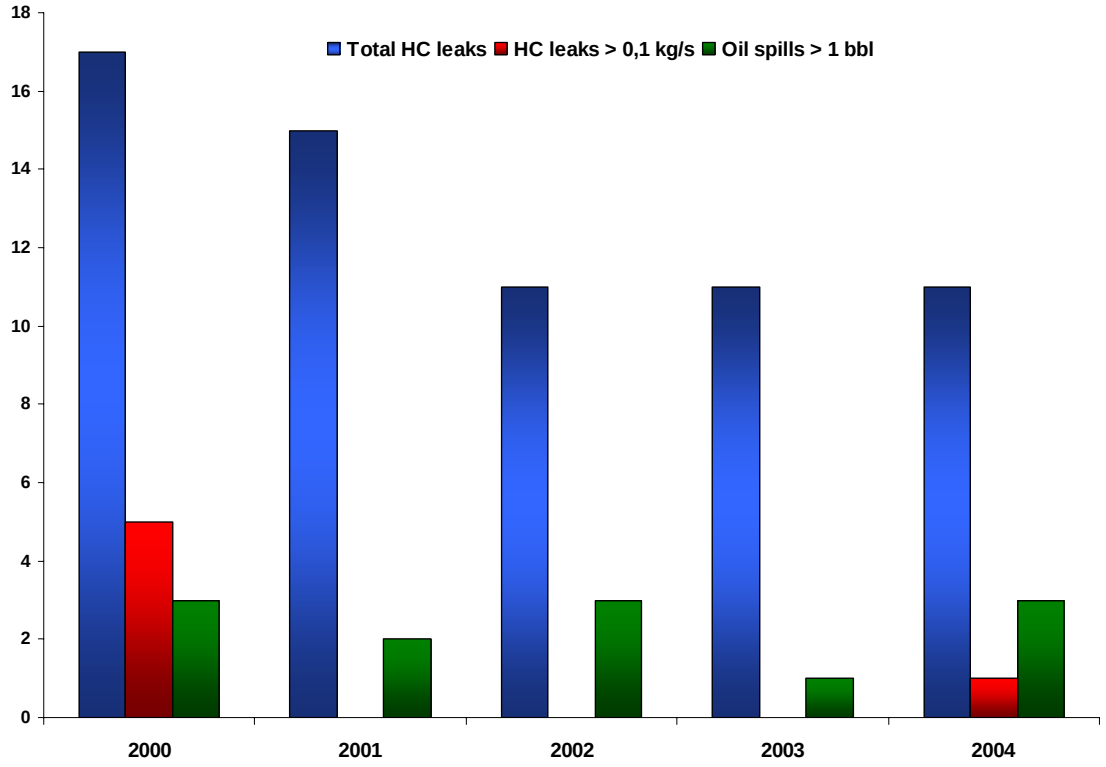
8.4 Part of body injured

The figure shows an overview of the body parts injured in the 14 recordable and 35 reported first aid injuries in 2004.

2004- Total recordable Injuries (inkl. First aid)



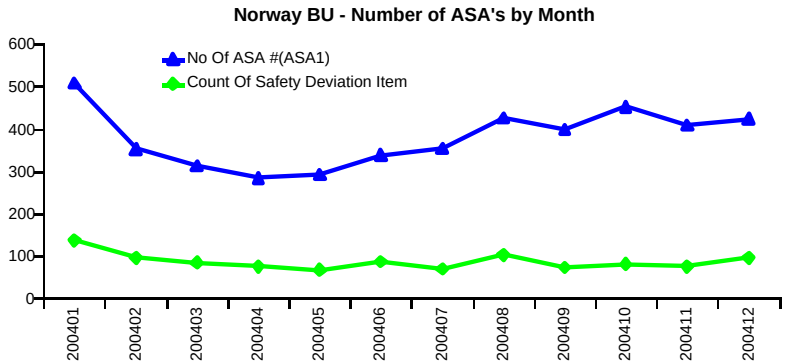
8.5 Hydrocarbon leaks and oil spills to sea > 1 bbl

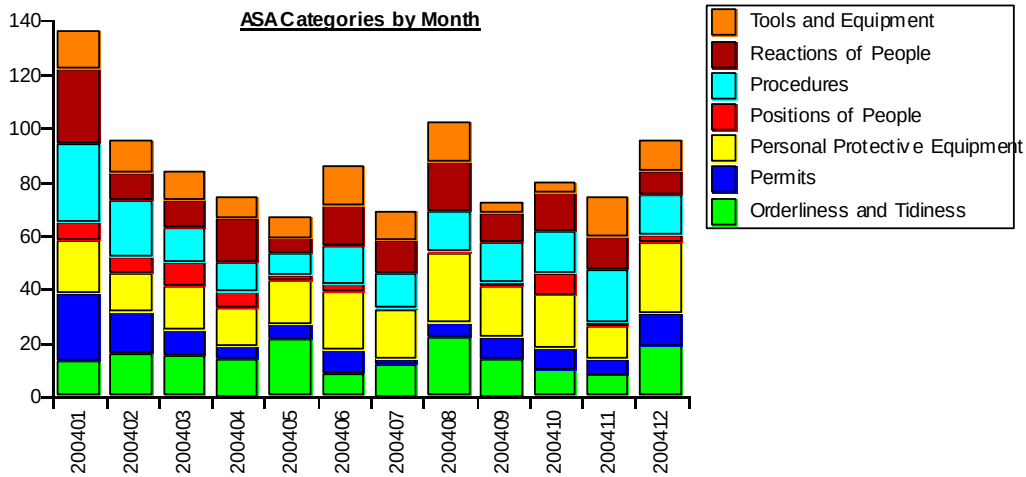


8.6 ASA – Advanced safety audit analysis

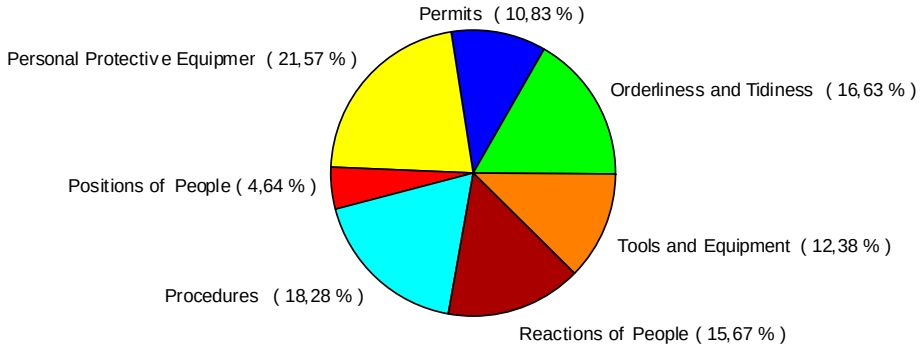
In 2004 a total of 4.552 ASAs were reported in Traction vs 3.300 in 2003. The graphs show total number of ASAs and observed deviations into the various ASA categories by month and in % for 2004.

The highest ASA **deviation** category is linked to Personal Protective Equipment (PPE) – deviation breakdown shows that 32,74 % in the PPE category is tied to "Ears and Eyes".





ASA Categories (deviations assigned to category by %)

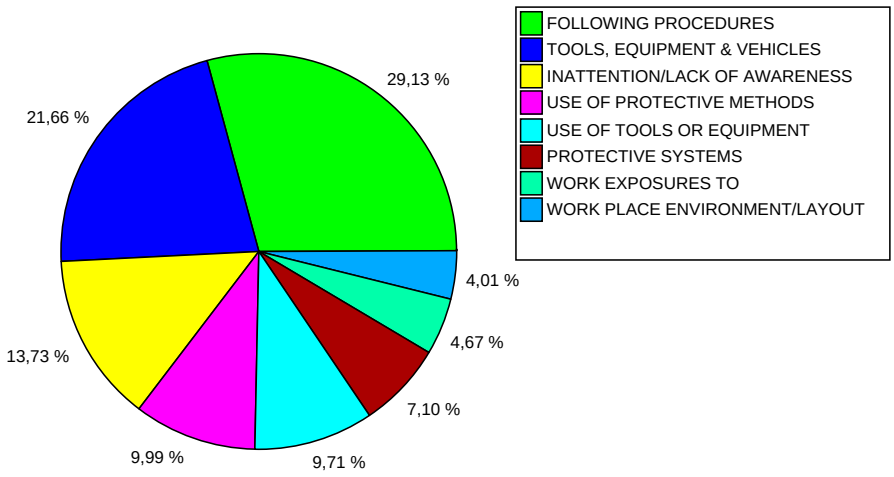


8.7 Reported undesired events – Cause analysis

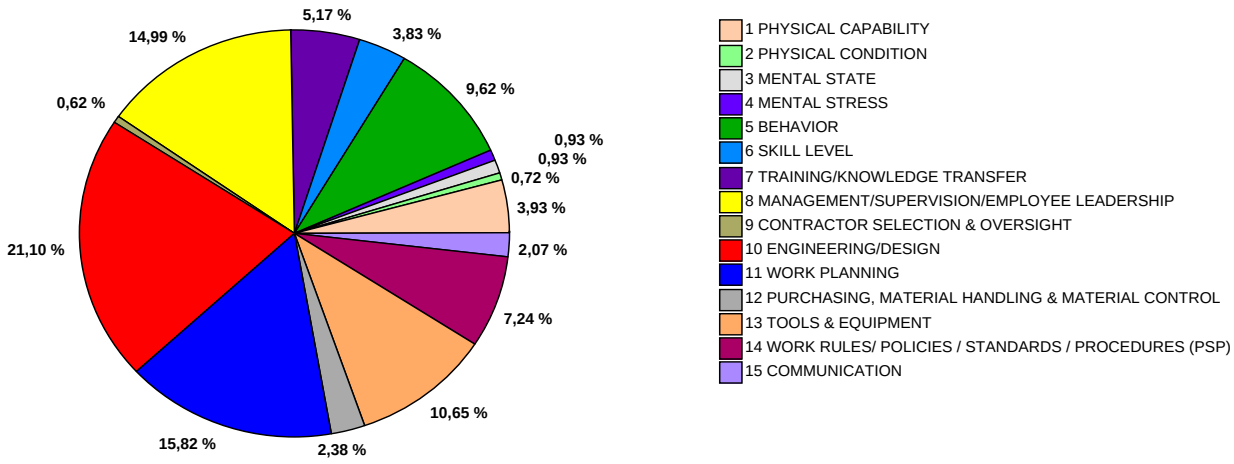
The figures are based on 1041 reported Traction incidents.

The graphs shows that the majority of the root causes are linked to the categories, ”Following procedures”, ”Tools& Equipment”, “Inattention/lack of awareness” and ”Work Planning”. This confirms that the journey BP Norge embarked on to further develop the safety culture had the right focus.

Possible Immediate Causes (Actions & Conditions);

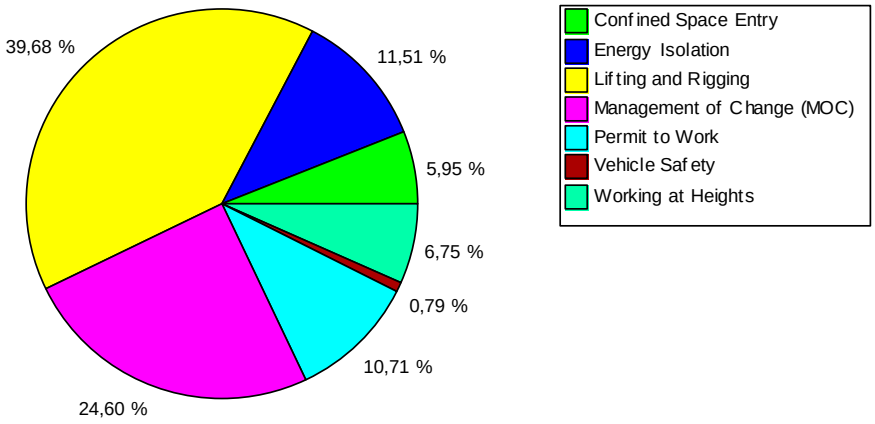


Possible System Causes (Personal factors & Job factors);



8.8 Golden rules of safety

24% of total incidents reported in Traction in 2004 are linked to one of the Golden Rules of Safety. The majority of the undesirable incidents are linked to “Lifting and Rigging”.



8.9 Exploration & production safety matrix

The input and output safety performance data is generated by the Global Business Centre. The purpose for collecting these data is to evaluate monthly and annual performance trends for the Upstream Executive Committee and monitor performance against upstream targets.

Outputs – Fatalities, Days Away From Work Cases, Restricted Work Injuries and Medical Treatments.

Inputs – Advanced Safety Audits (ASAs), STOP, safety training hours and closure of outstanding actions registered in Traction.

The frequencies for the performance data is 12 months rolling.