



Managing potential risk in Wells

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Cautionary Statement



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Our approach to managing potential risk in Wells



Global Wells Organization

– launched in the fourth quarter of 2010

Consistency

Framework to reduce risk in Wells

– outlined further the group in the first quarter of 2011

Focus

BP investigation (Bly Report) recommendations

– work began in fourth quarter of 2010

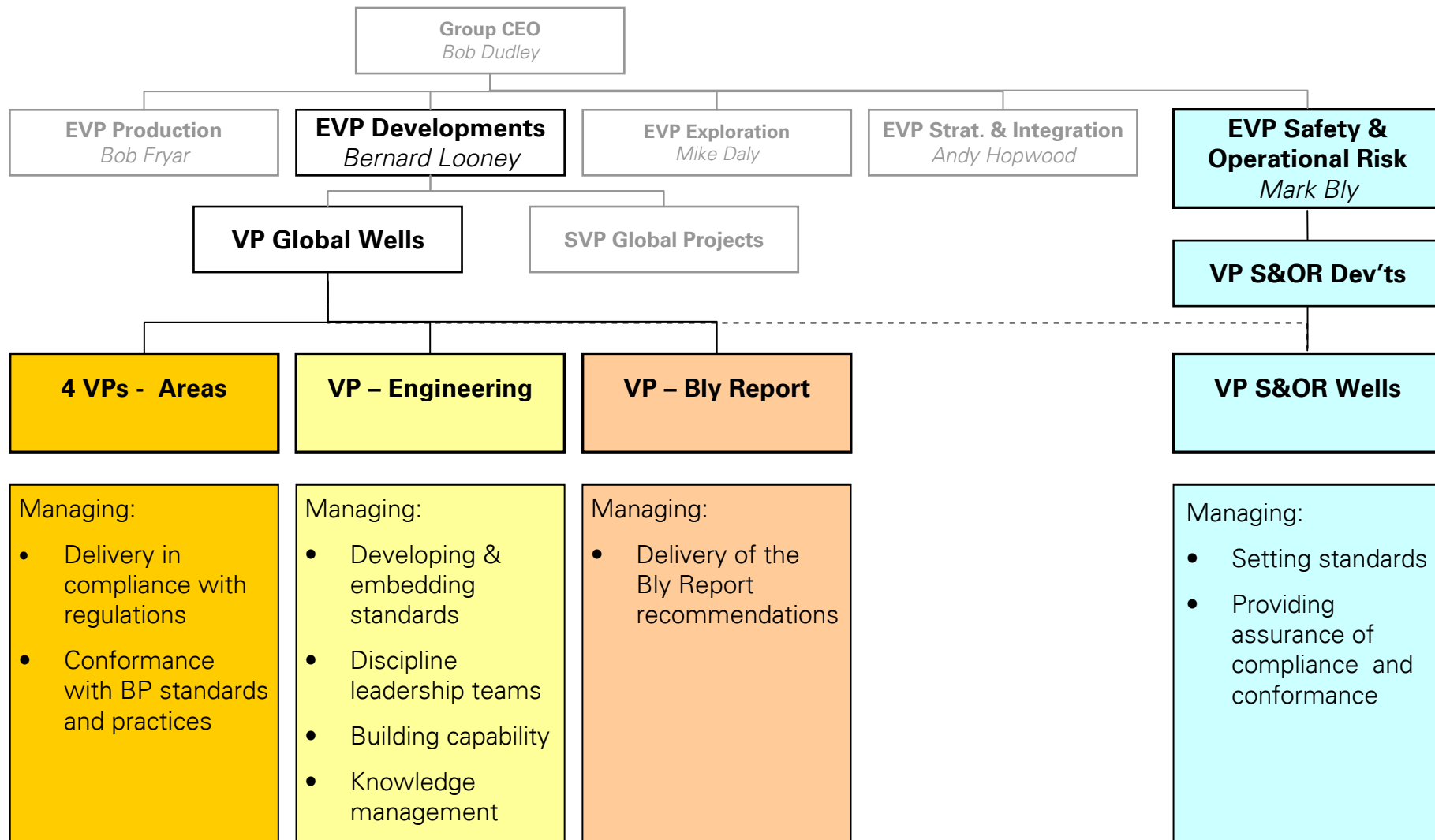
Prevention

Verification and audit

– site and group-level changes rolling out now

Assurance

Global Wells Organization, with S&OR assurance



Framework to further reduce risk in Wells



Our strategic framework works to further reduce risk in Wells

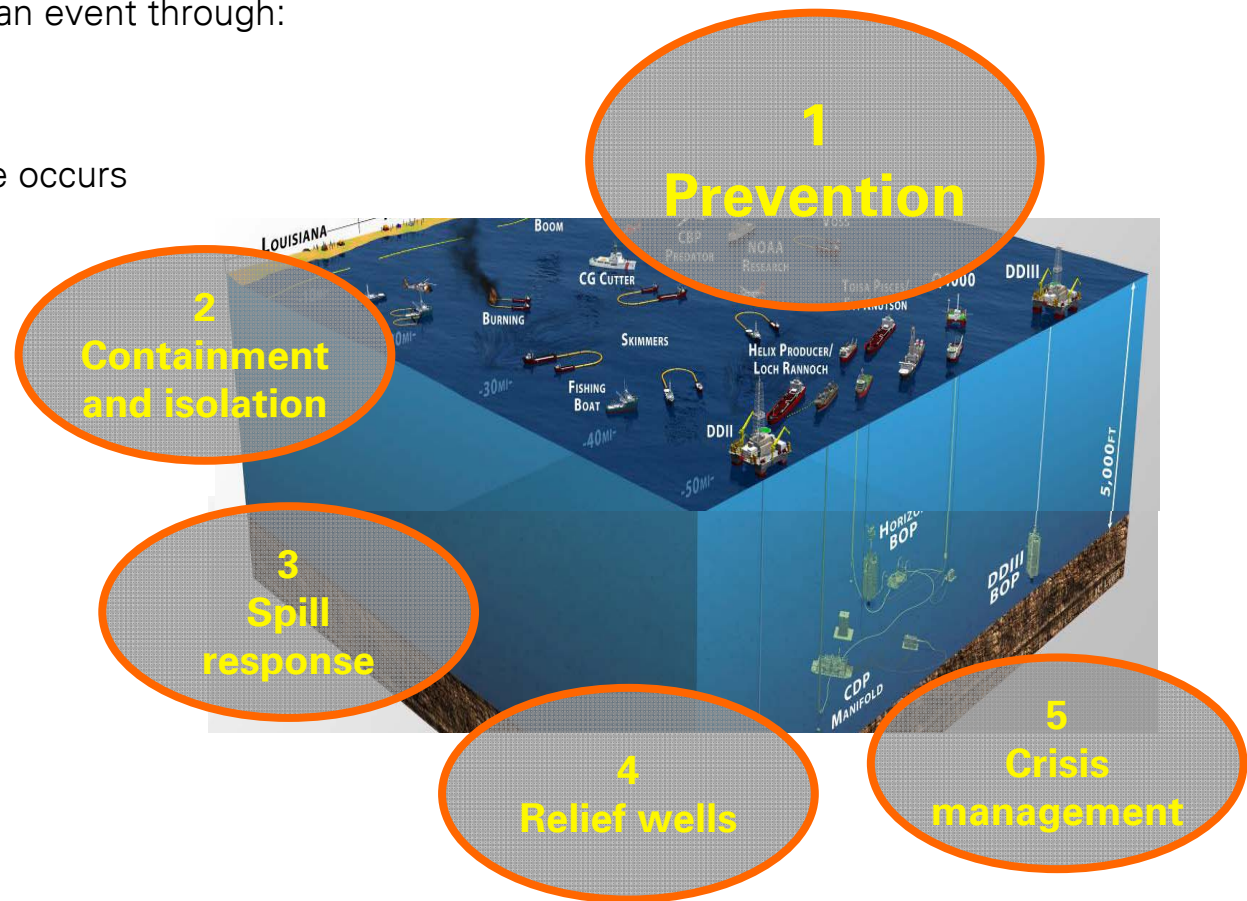
Further reducing the **frequency** of an event through:

1. Prevention

Reducing the **consequences** if one occurs by focusing on:

2. Containment and isolation
3. Spill response
4. Relief wells
5. Crisis management

Enhanced BP standards are being developed or updated in each of these areas.



Prevention



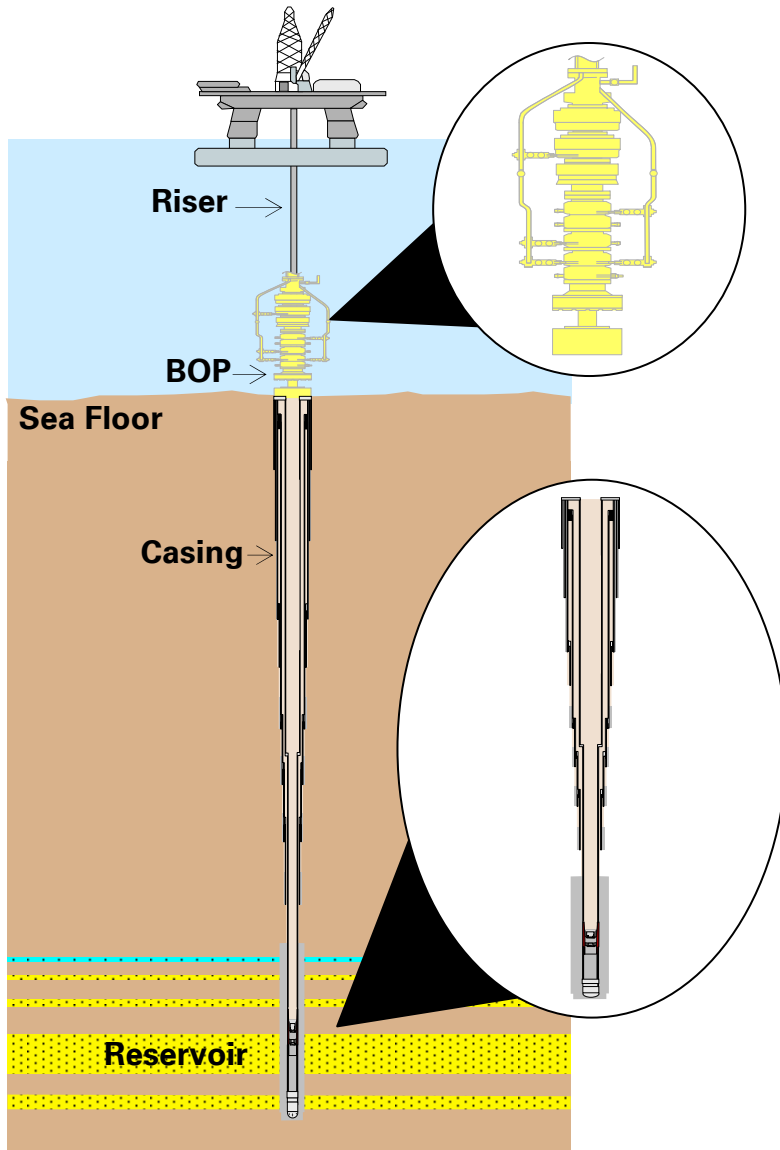
Prevention is managed via:

- A new **centralised wells organization** under a single Head of Global Wells
- A **7-point multi-year agenda**:
 1. Standards including OMS
 2. Compliance
 3. Capability
 4. Risk
 5. Redefine performance
 6. Contractor management
 7. Technology
- Prioritized implementation of the **Bly Report recommendations**

However these activities take time to deliver with quality down to the front line, across our global operations. As such, in parallel we are also:

- Issuing **interim guidance** and **standards**
- Increasing our **oversight** of our operations

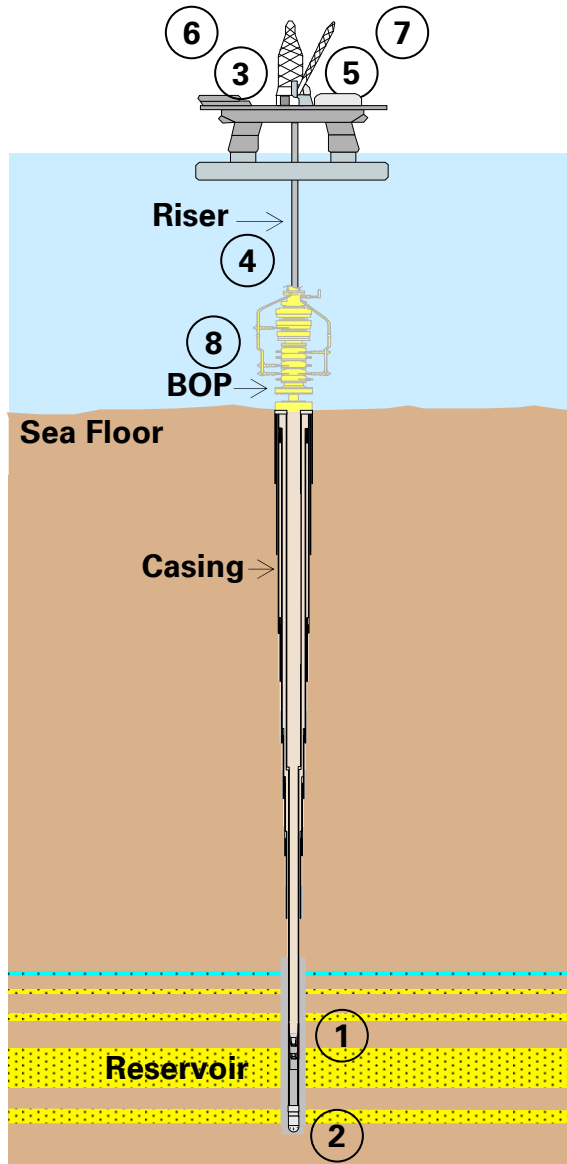
Immediate actions, interim guidance & standards



- Blow-out preventers
- Cementing
- Risk management reviews
- Negative pressure testing
- Assessment
- Verification
- Process safety performance management
- Contractor and service provider oversight

These actions started in September 2010 and have been rolled out in the regions.

Bly Report



- BP's investigation into the Deepwater Horizon accident drew upon the expertise of **more than 50 technical and other specialists from within BP and the industry**
- The Bly Report concluded that there were multiple causes involving multiple parties
- Eight key findings
 1. The annulus cement barrier did not isolate the hydrocarbons
 2. The shoe track barriers did not isolate the hydrocarbons
 3. Negative pressure test accepted - well integrity not established
 4. Influx not recognised until hydrocarbons were in the riser
 5. Well control response actions failed to regain control of the well
 6. Diversion to the mud gas separator – gas vented onto rig
 7. Fire and gas system did not prevent ignition
 8. BOP emergency mode did not seal the well
- 26 recommendations **impacting people, process and plant**

Bly Report



- Requires implementation with quality and integrity properly balanced alongside pace to ensure embedment at the front line in a sustainable way.
- Covers BP-owned and contractor-operated operations
 - Around a dozen countries
 - 60+ offshore and onshore rigs
 - 20+ cementing facilities located across the globe
 - 16 rig contractors
- Requires engagement with internal and external stakeholders
 - With some involving actions by industry-wide bodies and contractors
- Must take into account multiple regulatory bodies
- Allows for changes as we learn from industry efforts and other investigations
- Interdependencies within the program and with other functions and activities within BP

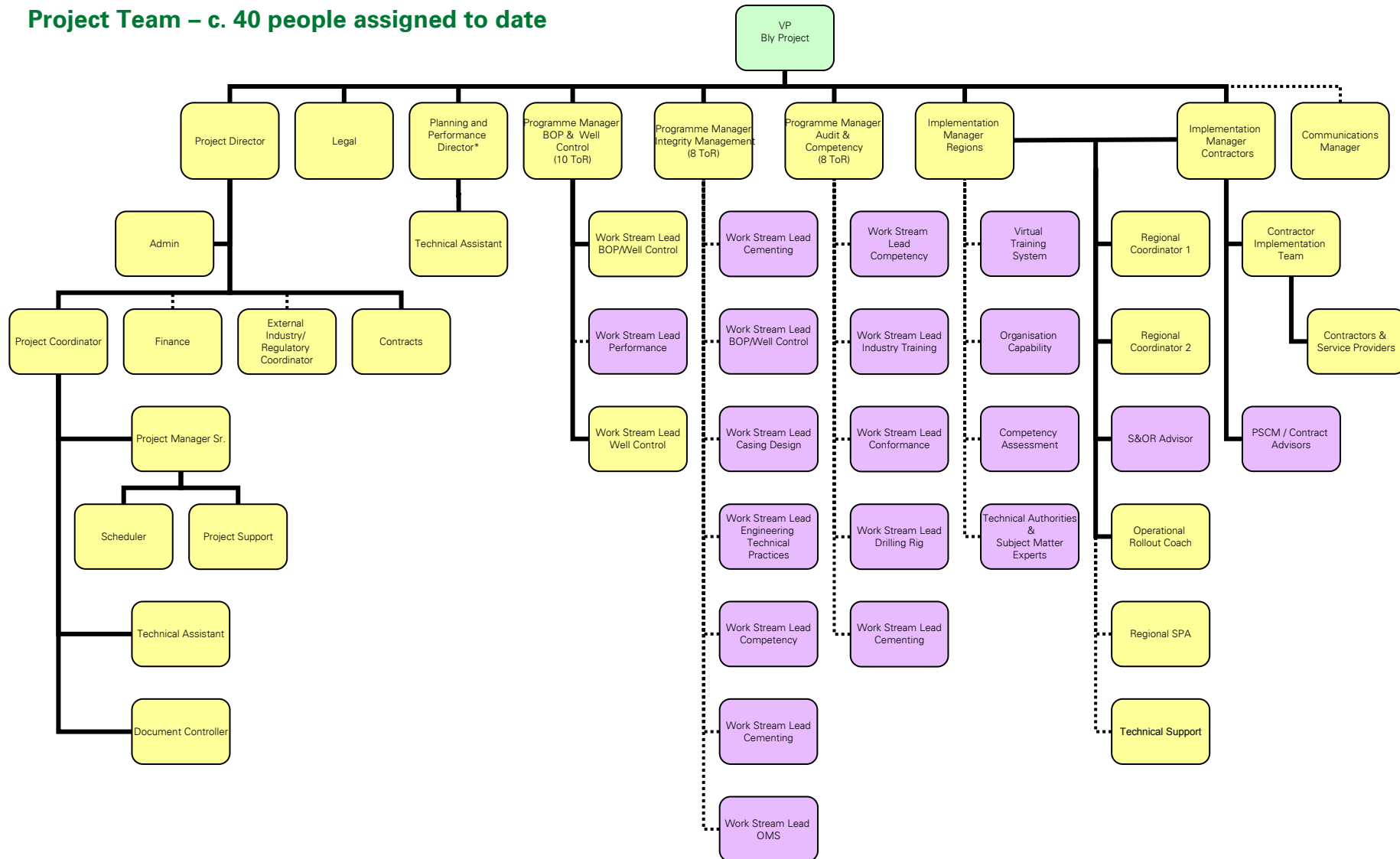
Bly Report program governance



Programme organization



Project Team – c. 40 people assigned to date



Key steps taken to assure successful delivery



Knowledge management

- Employ past learnings, i.e. Texas City

Organization

- Program vs project structure
- Internal and service supplier experts

Terms of references (ToRs)

- Alignment of recommendations with planned activities and deliverables

Action tracker

- Accountability drives performance

Verification tracker

- Upfront alignment of deliverables with verification closeout requirements

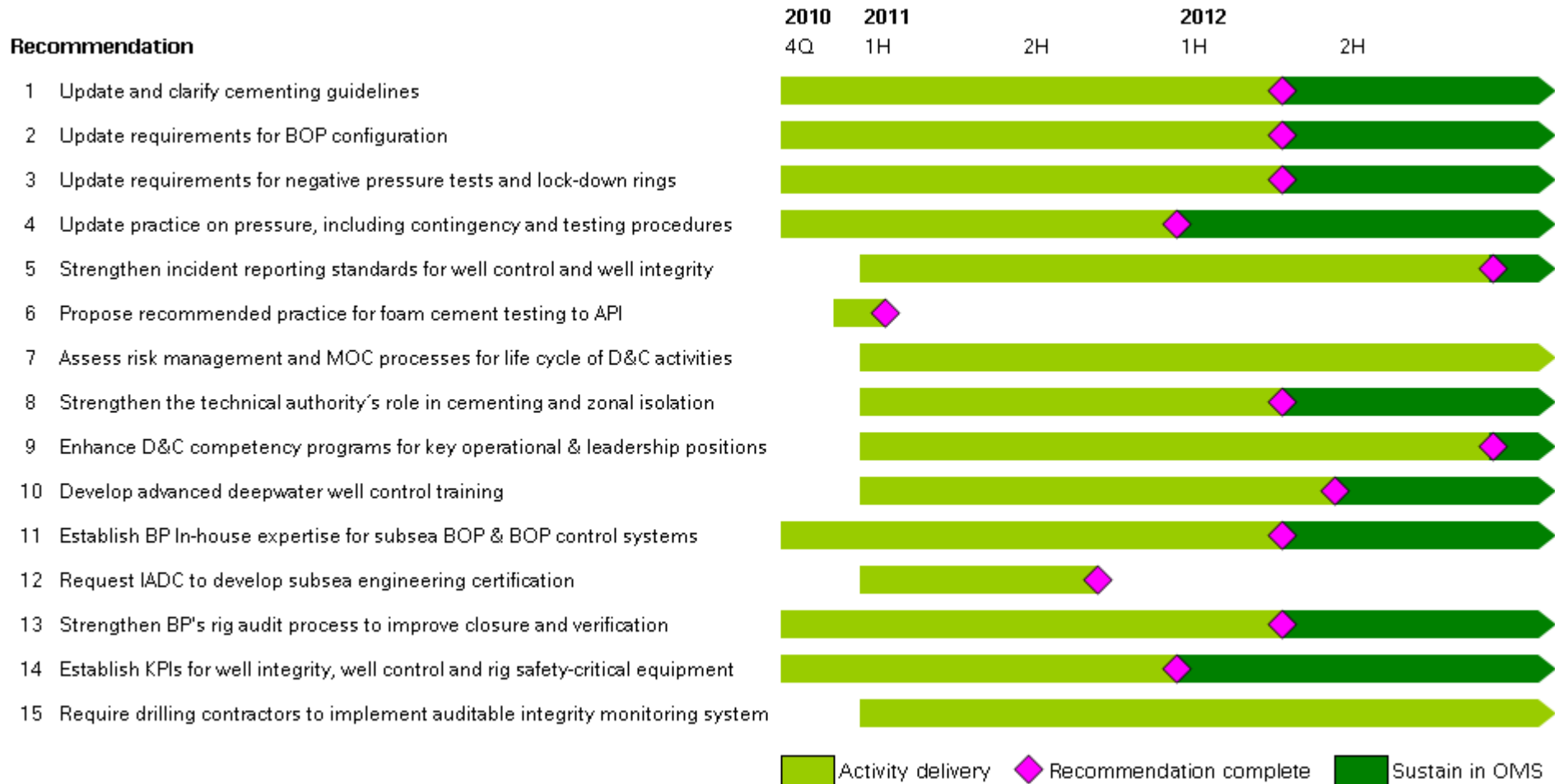
Performance reporting

- Actual versus planned performance

26 recommendations



BP's drilling operating practices and management systems

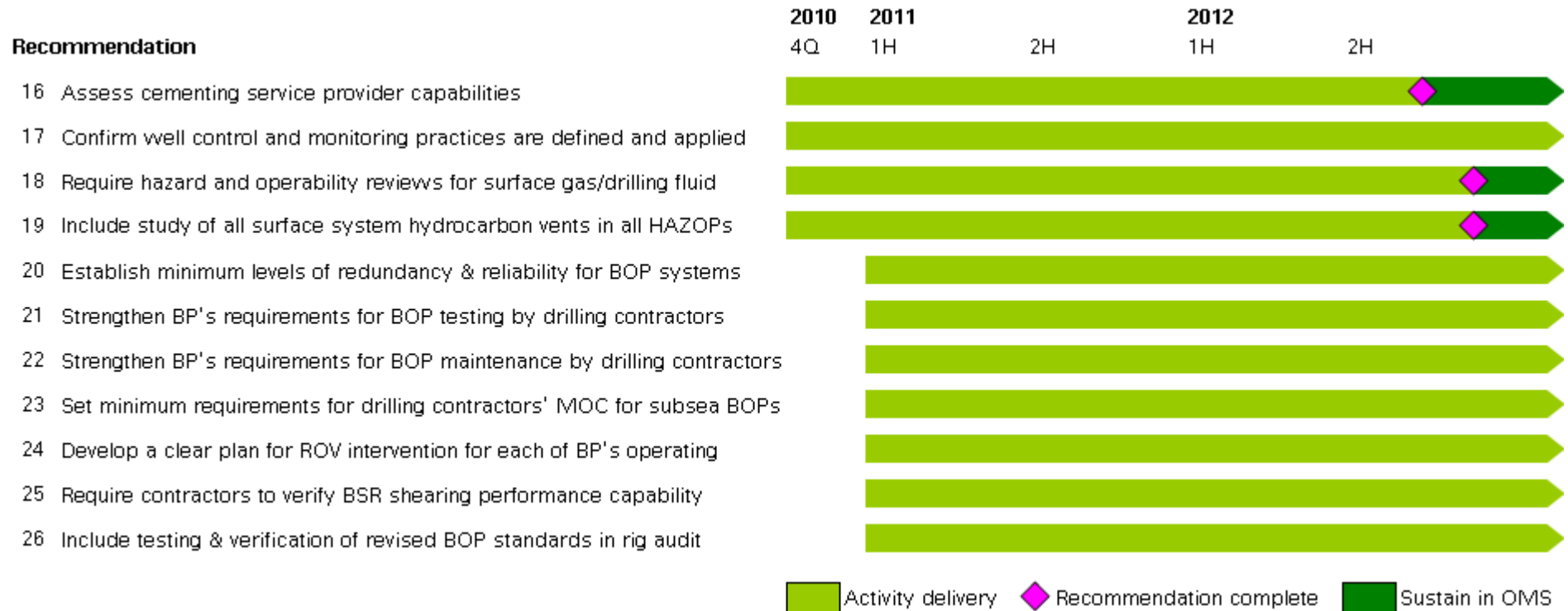


The process for implementing the Bly Recommendations is firmly in place. The timelines are estimates based on existing facts, circumstances and planning status. While these estimates reflect the team's best judgment, they can change depending on circumstantial factors such as complexity, resource availability and evolving regulatory requirements.

26 recommendations



Contractor and service provider oversight and assurance



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Verification and audit



Self-verification

- Site visits by Executive Vice President to provide additional assurance
- Stage gate verification processes
- Enhanced rig start up checklist, including safety critical equipment, emergency drills and personal competency

S&OR assurance – by deployed teams

- Approve rig start-up checklist
- Approve rig audit action item completion
- Approve any deviations and associated risk assessments
- Approve personnel in critical roles – with several rejected to date
- Verify Bly Report recommendation action closure
- Approve all enduring risk action plans ongoing

S&OR audit

- S&OR Audit remit will include Wells activities
- Rig audit will move into S&OR bringing independent assurance
- S&OR will verify the closure of all 26 Bly report recommendations

Group audit

- Group Audit will audit the S&OR assurance process
- They will conduct 3 audits in 2011

Keeping you informed



- We'll be providing periodic updates, indicating closure or progress of each the Bly Report recommendations
- Available at bp.com/safety
- First update will be in July 2011 – until all actions are closed