

Good afternoon. I'm Mike Daly, Executive Vice President, Exploration and together with my colleague Andy Hopwood, Executive Vice President, Strategy and Integration, we will take you through some detail about BP's longer term future.

Bob spoke earlier about our resource base and the upcoming projects.

I will deal with our exploration and appraisal portfolios. Andy will then cover our position in unconventional – and how we are adding value to our major gas positions down the value chain.

But first a word about BP's resource base in general.



## Cautionary statement

### Forward-looking statements - cautionary statement

This presentation and the associated slides and discussion contain forward-looking statements, particularly those regarding: expected increases in investment in exploration and upstream drilling and production; anticipated improvements and increases, and sources and timing thereof, in pre-tax returns, operating cash flow and margins, including generating around 50% more annually in operating cashflow by 2014 versus 2011 at US\$100/bbl; divestment plans, including the anticipated timing for completion of and final proceeds from the disposition of certain BP assets; the expected level of planned turnarounds and related production outages; expectations of a challenging marketing environment in 2012, particularly in respect of petrochemicals; the expected increase in exploration activity; expectations for drilling and rig activity generally and specifically in the Gulf of Mexico; plans to improve reservoir management and plant reliability; the level of performance improvement in Refining and Marketing; expected full-year 2012 organic capital expenditure and increased capital spend for the future; the expected timing and level of final investment decisions; the expected duration of production at Mad Dog the timing and composition of major projects including expected start up, completion, level of production and margins; the expected timing and level of appraisal activity; plans to acquire seismic surveys for exploration, field development and reservoir management; the timing for completion of the Whiting refinery upgrade, other refining upgrades and logistics optimization; the expected level of production in the first quarter of 2012 and in full-year 2012; plans to continue to seek opportunities and prospects in BP's areas of strength, such as deepwater, gas value chains and giant fields; plans to strengthen BP's position in unconventional; the expected production potential of certain existing unconventional oil assets; expectations about BP's development of new technology; the timing of the deployment of BP's new single work management system; the sources and timing of volume growth and earnings momentum in Lubricants and Petrochemicals; expected future levels of resource recovery in giant fields; expansion plans, including plans to expand petrochemicals operations in China; and plans to create a new revenue stream through licensing certain technology. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors including the timing of bringing new fields onstream; future levels of industry product supply; demand and pricing; OPEC quota restrictions; PSA effects; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; changes in taxation or regulation; regulatory or legal actions including the types of enforcement action pursued and the nature of remedies sought; the actions of prosecutors, regulatory authorities, the Gulf Coast Claims Facility and the courts; the actions of all parties to the Deepwater Horizon oil spill-related litigation at various phases of the litigation; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the successful completion of certain disposals; the actions of competitors, trading partners, creditors, rating agencies and others; natural disasters and adverse weather conditions; changes in public expectations and other changes to business conditions; wars and acts of terrorism or sabotage; and other factors discussed under "Risk factors" in our Annual Report and Form 20-F 2010 as filed with the US Securities and Exchange Commission (SEC).

**Reconciliations to GAAP** - This presentation also contains financial information which is not presented in accordance with generally accepted accounting principles (GAAP). A quantitative reconciliation of this information to the most directly comparable financial measure calculated and presented in accordance with GAAP can be found on our website at [www.bp.com](http://www.bp.com).

**Statement of Assumptions** - The operating cash flow projection for 2014 stated on slides 8, 10, 11, 33, 38, 58, 61, 62 and 63 of the 2011 Results and Strategy Presentation reflects our expectation that all required payments into the \$20 billion US Trust Fund will have been completed prior to 2014. The projection does not reflect any cash flows relating to other liabilities, contingent liabilities, settlements or contingent assets arising from the Deepwater Horizon incident which may or may not arise at that time. As disclosed in the Stock Exchange Announcement, we are not today able to reliably estimate the amount or timing of a number of contingent liabilities.

**Cautionary note to US investors** - We use certain terms in this presentation, such as "resources", "non-proved resources" and references to projections in relation to such that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262. This form is available on our website at [www.bp.com](http://www.bp.com). You can also obtain this form from the SEC by calling 1-800-SEC-0330 or by logging on to their website at [www.sec.gov](http://www.sec.gov). Tables and projections in this presentation are BP projections unless otherwise stated.

February 2012



## Strong and diverse resource base

### Tripled prospect inventory

- Deepwater focus – Gulf of Mexico, South Atlantic, Australia, Asia, North Africa
- 2012 will start the drill-out of the new portfolio

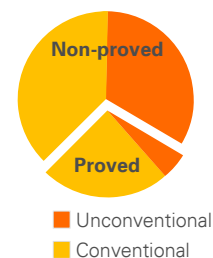
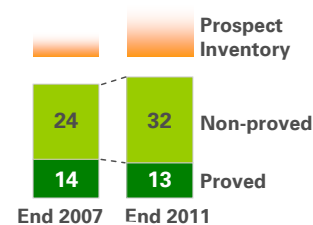
### Giant field appraisal

- Growth in giant reservoirs
  - Mad Dog, Clair, Shah Deniz, Tangguh
- Technology drives field growth

### New resources added – focus on unconventional

- Canadian heavy oil – Sunrise and Terre de Grace
- Unconventional gas – Woodford, Fayetteville, Eagle Ford, Indonesia coal bed methane

### Resources, bn boe



Excluding TNK-BP

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Over the past five years BP has grown its resource base to 45 billion boe and, in addition, reloaded our exploration prospect inventory. A distinctive feature of the entirety of that resource base is its diversity.

The expansion in our exploration prospect inventory has been built through a mix of new and incumbent positions. In addition we have significant growth potential in several legacy giant fields that we are currently appraising, in both onshore and offshore settings.

In recent years we have also augmented directly our resource base by adding several new positions, both in conventional and unconventional resources.

In the conventional world we have accessed the supergiant Rumaila oil field in Iraq and the Dirhubai gas field in India.

Our unconventional resources account for about 40% of our resource base. This significant position has been built off our deep incumbent position onshore North America. We have added to that, and also added globally in South America, North Africa, the Middle East, Europe and Indonesia.

This material and diverse resource base will underpin our project investments post 2014

So what of the detail of those underpinnings?



## Robust pipeline for the longer term

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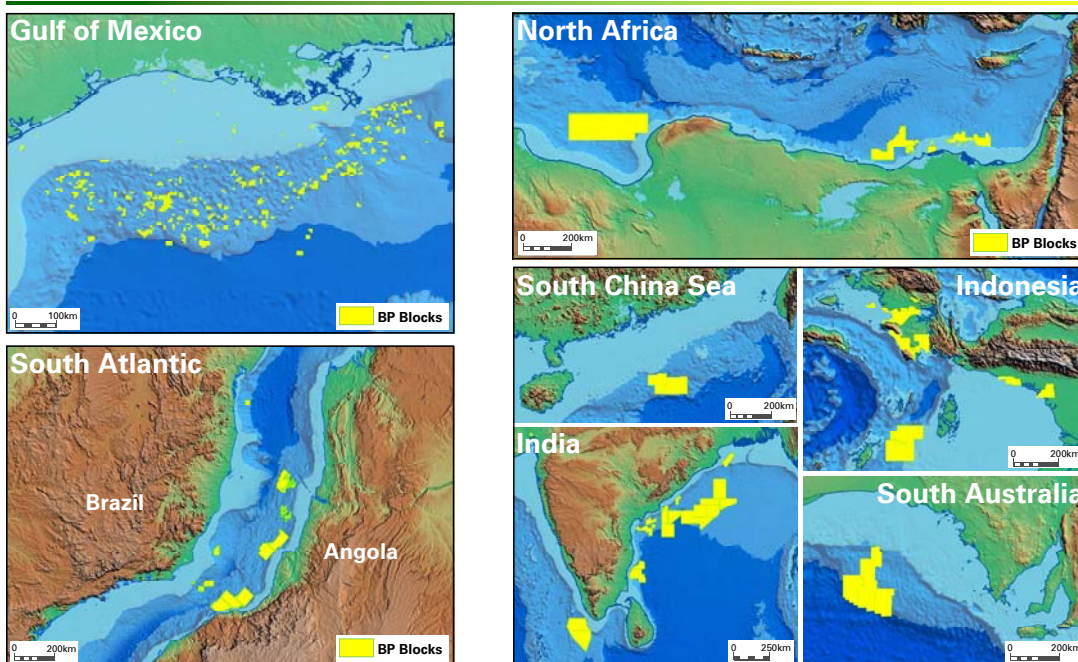
Here is BP's long term project pipeline mentioned by Bob.

Andy and I will provide some depth and colour around this rich list by discussing some examples. We are going to focus on the 'unboldened font' on the chart – from exploration to our projects with start-up beyond 2014. The yellow highlights mark the examples that I will discuss.

So, let's start with our Exploration and Appraisal portfolio.



## Exploration portfolio focused on deepwater



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In exploration we have four focus areas that are material and growing. These are shown here; the Gulf of Mexico, the South Atlantic, North Africa and South East Asia/Australasia. In addition we have a number of smaller but advantaged positions, such as the Caspian and North Sea – where exploration continues but at a different pace and scale.

The rebuilding of our exploration portfolio will enable us to both drill-out some successful plays – like the Gulf of Mexico Paleogene – and also test new ones like the Pre-Salt of Angola.

In fact we anticipate testing over 15 new plays – basically new exploration ideas – in the next four years. We have a clear plan for this which starts this year with 12 wildcat wells.

In the Gulf of Mexico, we are getting back to work. We plan on starting the Gila exploration well – the adjacent structure to our Tiber discovery – in the second half of 2012. And there is more to come in the Gulf of Mexico, in both the established Miocene and Paleogene plays and in potential new plays.

In North Africa, we continue exploring in the Nile Delta of Egypt. In Libya we are in regular contact with the authorities and will resume exploration activities as soon as it appropriate to do so. The enforced pause has allowed us to work up a significant and high quality deepwater and onshore prospect inventory – which we really look forward to testing.

In the South Atlantic we have recently deepened in our established position in Angola – and early last year we entered Brazil through the acquisition of Devon do Brasil. The figure shows the two positions juxtaposed – as they were about 100 million years ago.

In Asia, we are exploring for gas in China, India, Indonesia, and Australia, to augment our supply into the Asian Gas markets.

I will now focus on two of these areas.





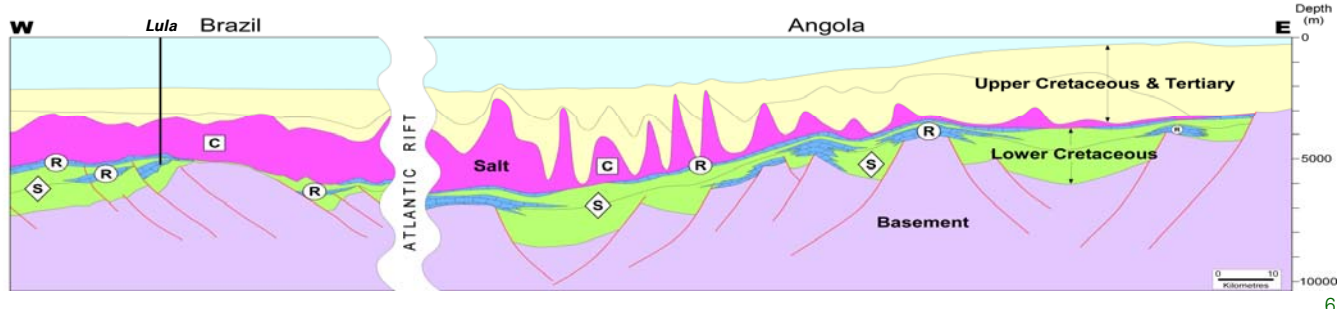
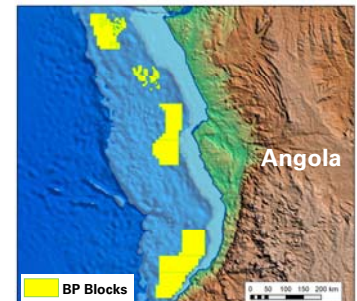
## South Atlantic: Angola – the next phase

### Position

- BP is a leading acreage holder (30,000km<sup>2</sup>) with five exploration blocks
- >17,000km<sup>2</sup> multi-client 3D seismic underway

### Plays

- Unproven pre-salt play on conjugate margin to Brazil pre-salt
- Preliminary well results promising in Kwanza basin
- Ogonga well tests the Benguela basin in 2012



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Firstly Angola.

We have been exploring offshore Angola since the mid-90s', focussing on the Tertiary plays of the Lower Congo Basin in Blocks 15, 17, 18 and 31. These blocks are now largely explored and our efforts there have moved to appraisal, development and production.

Recently, we gained interests in a further ~24,000km<sup>2</sup> of exploration acreage in five blocks in the Kwanza and Benguela basins, to the south of our existing acreage. Here, we are targeting the pre-salt play that has been successful in Brazil.

The cross section shows the great Lula field of Brazil – and what we are expecting to test on the conjugate margin in Angola. There are differences in the basins as you see from the salt geometries coloured purple. How much similarity there is – remains to be seen.



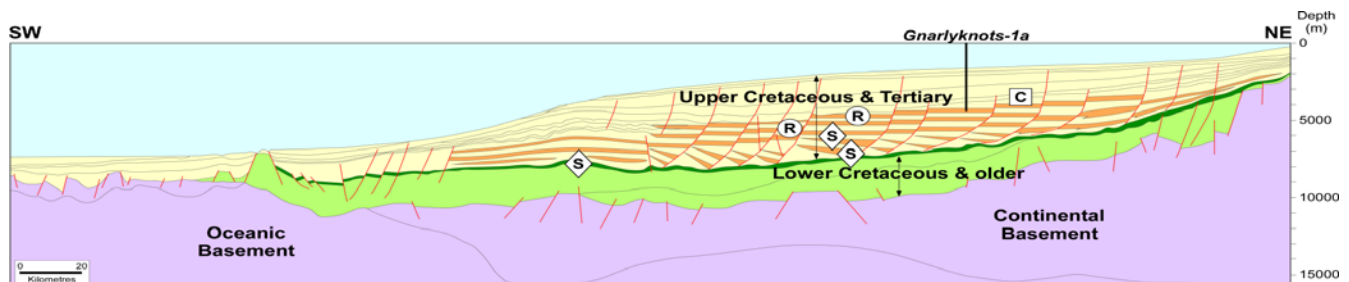
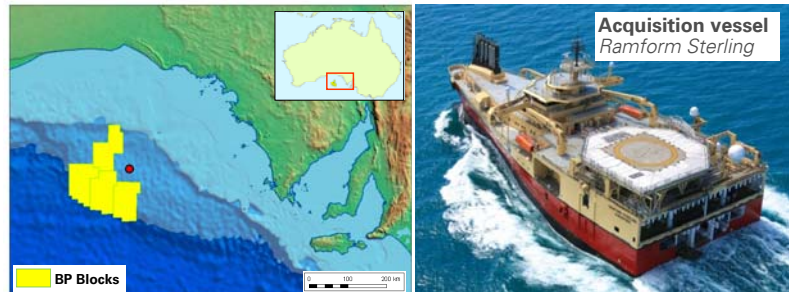
## South Australia: a new frontier

### Position

- First mover into world-scale untested deepwater play
- Four blocks, covering 24,500km<sup>2</sup>
- Largest 3D seismic programme in Australian waters, covering 12,500km<sup>2</sup>

### Plays

- Under-explored Cretaceous delta



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Secondly, I'd like to use Australia as an example of BP testing a new frontier basin – and doing it at scale.

In South Australia, we were awarded four Blocks in January 2011 – about 24,500km<sup>2</sup> of untested acreage. This large position covers a significant part of the Ceduna basin – which we believe to be an under-explored Cretaceous delta system – shown here in the section.

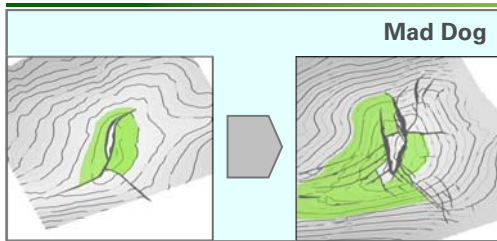
One well exists in the basin and it was our deep, forensic analysis of this well data, regional 2D seismic and BP's global analogues database that opened our eyes to the possibility here.

We are currently acquiring a 3D seismic programme that covers 12,500km<sup>2</sup> – the largest single 3D survey ever in Australian waters. Acquisition began in November 2011 and is about 40% complete.

With the time needed for processing and evaluation of the seismic data and preparing to drill, I expect the first wells to begin in the 2014/15 time frame.



## Growth in giant fields



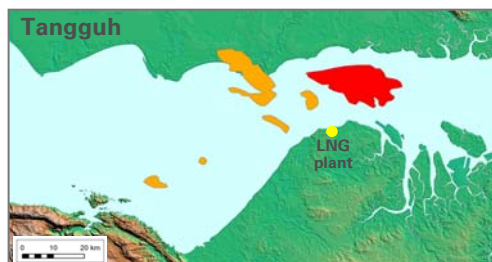
- 4bn bbl OOIP<sup>(1)</sup>, more than doubled from initial estimate
- Subsalt imaging and LoSa<sup>®</sup> EOR waterflood



- 40 tcf GIP<sup>(2)</sup>, phased development
- Seismic imaging and high pressure drilling capability



- 7bn bbl OOIP, phased development
- LoSa<sup>®</sup> EOR waterflood and 4D Life of Field Seismic



- Currently appraising expansion
- Phased investment to monetize multiple fields

(1) OOIP: Original Oil in Place; (2) GIP: Gas in Place

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I will now move further down the 'resource progression pipeline' and spend a few moments talking about how we are growing resources from our existing giant discoveries.

The context, and one of our long held beliefs, is that "giant fields get bigger" – both with technology but also familiarity and understanding. Let me explain this with a few examples.

Mad Dog I will speak about in a moment.

The Clair field – west of the Shetland Islands – was discovered in 1977. It was always known to have a large oil in-place – however, very low recovery per well prevented its being commercial.

The key subsurface challenge here was around the effectiveness of waterflooding the reservoir to improve recovery.

An increased understanding of the natural fracture systems in Clair, and a pilot extended well test in the late 1990's launched the Phase 1 development. In Phase 1 over 50% of the recovery will result from waterflooding.

Phase 1 has been successful, and last year we sanctioned the Phase 2 'Clair Ridge' development where the use of BP's LoSa<sup>®</sup> Enhanced Oil recovery technique, will improve waterflood effectiveness further.

In addition to this technology application, our continued appraisal programme has brought new insights and understanding that will secure further phases of Clair development in the future.



## BP 2011 Results and Strategy Presentation

### Upstream break-out: Longer term investments

Shah Deniz, in the Azeri Caspian Sea, has at least 40 tcf gas in place. It is being developed in phases, linked to the development of the gas market. Currently, 12 tcf are under production, and 22 tcf are in development.

Advanced seismic imaging, has improved definition of the Shah Deniz structure at depth and drilling has tagged gas beyond the 40 tcf. This significant deeper resource will be one of the many beneficiaries of the 20K project we have announced today.

In Tangguh – the initial sanction was of a 10 tcf field. This has now grown to a 15 tcf resource base which comfortably underpins the existing two LNG trains. Our exploration and appraisal programme in the Tangguh catchment area continues – and I am confident that the resource to support further trains will be forthcoming.

Now, let's have a look at Mad Dog.



## Technology unlocks Mad Dog

### Giant fields getting bigger

- 4bn bbl original oil in place
- Estimate more than doubled through appraisal

### Value growth through phased development

- Provides critical data

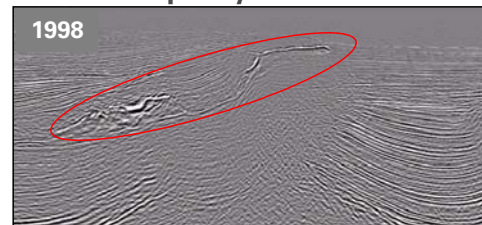
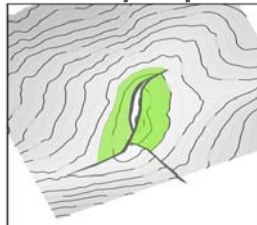
### Technology advancement

- Industry first WATS<sup>(1)</sup> survey
- First deepwater application of LoSa<sup>®</sup> EOR waterflood

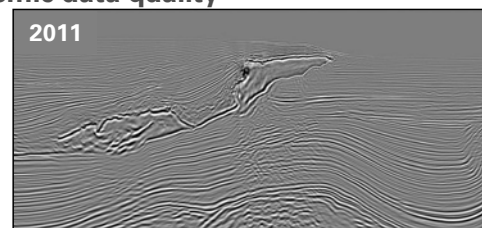
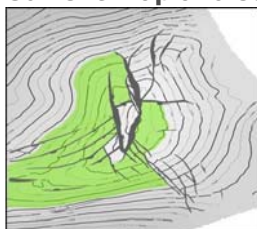
### Mad Dog Phase 2

- 600 mmboe gross estimated ultimate recovery
- BP equity 60.5%

### Discovery map and seismic data quality



### Current map and seismic data quality



(1) Wide Azimuth Towed Streamer

LoSa<sup>®</sup> EOR is part of BP's suite of Designer Water<sup>®</sup> technologies  
LoSa<sup>®</sup> and Designer Water<sup>®</sup> are registered trade marks of BP p.l.c.

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Mad Dog was discovered in 1998 on state-of-the-art 3D seismic data – seen here in the upper seismic image. The poor definition is a result of the salt canopy – marked by the red ellipse – that overlies Mad Dog, and meant that we could only define and develop a part of the field.

The field was brought into production in 2005. In parallel, Mad Dog was the subject of a major BP research initiative that led to the industry's first Wide Azimuth Towed Streamer seismic acquisition programme which began in November 2004.

The invention and application of this technology changed the clarity of the image – as you can see on the lower example – and changed the mode of seismic acquisition and sub-salt imaging in the industry.

The two maps show how – with the improved image and well placed appraisal wells – the outline of the field has changed dramatically over 10 years, and the oil in place has grown from a little over 1.5 billion barrels to over 4bnbbls today.

In the Phase 2 development we have added the industry's first application of BP's LoSa<sup>®</sup> waterflood (EOR) technology on an offshore floating facility. This will enhance recoverable volumes significantly. And there is more to come.

This giant field just got a lot bigger.

Hopefully these examples give you an idea of how, with great science, technology and perseverance, we are adding significantly to our rich conventional resource base.

I will now hand over to Andy who will cover unconventional and gas value chains.



## Robust pipeline for the longer term

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Start ups by end 2014 in **bold**  
Excludes TNK-BP

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Thanks Mike.

First, I want to reinforce Mike's initial point about portfolio balance.

Particularly, the balance going forward between deepwater, and longer term investments into our giant fields and resource plays – both conventional and unconventional.

Deepwater projects tend to have higher capital intensity, higher decline but higher cash margins and faster payback.

In contrast the longer term investments have lower decline, require lower re-investment and generally have much longer term relatively stable cash flows.

So, picking from the pipeline of future opportunities, let's look at some examples of these long term investment options – first in oil and then in gas.

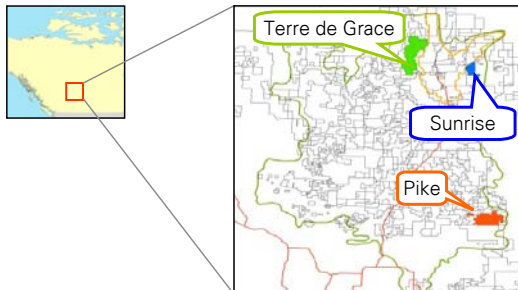


## Progressing unconventional oil resources

### Alaska – Heavy oil



### Canada – Oil sands



#### 6bn boe of oil resources

##### Alaska

- 30bn bbl oil in place across viscosity continuum
- 160 mmbbl oil produced using waterflood depletion
- Appraisal plan in place for next 2bn boe of resource

##### Canada

- Three properties of 15bn bbl oil in place over 1,400km<sup>2</sup>
- First oil in 2014

#### 200 mboed net production potential within a decade

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We have total heavy oil resources of around 6 billion barrels from some 30 billion barrels of heavy oil in place in our legacy position on the North Slope of Alaska, and some 15 billion barrels in place in the Canadian oil sands. Together these assets have the potential to produce around 200 thousand barrels of oil equivalent per day within a decade.

In Alaska, the near term prize is from the application of our waterflood and EOR expertise to the less heavy resource base where we have already produced around 160 million barrels of oil equivalent. Also, early results from a pilot on the heavier resources are encouraging and we will continue to appraise the development of the next 2 billion barrel tranche of these resources.

In Canada, we have 1,400 square kilometres in three properties, Sunrise, Pike and Terre de Grace, which will be exploited using Steam Assisted Gravity Drainage technology. We expect production from Sunrise to start in 2014 and from Pike some three years later. Terre de Grace is in the early stages of appraisal.

Our plans show production well into the second half of the century, even with current technology.

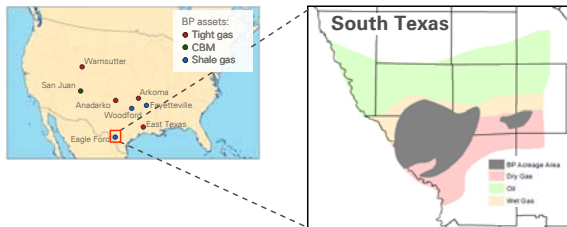
These resources represent the natural evolution of our reservoir management capability first established in the giant oilfields of the world. In these two examples additional value is created from our long heritage in Alaska and in Canada from the proximity of our northern US refineries at Whiting and Toledo.



## Broadening our unconventional gas footprint

### 60 tcf portfolio – producing 2 bcfd net and growing

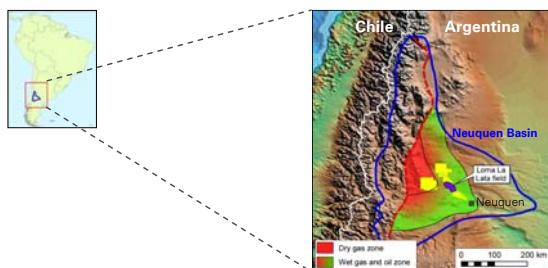
#### North America – Eagle Ford shale play



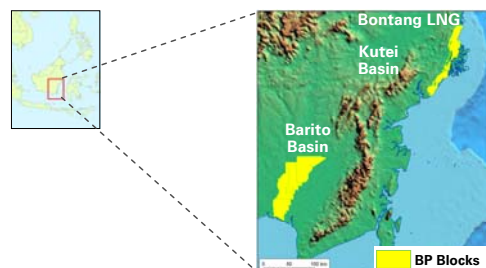
#### North Africa/Middle East – Paleozoic tight gas



#### PAE interest in Neuquen Basin shale play



#### Indonesia – Kalimantan coal bed methane



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Moving to unconventional gas, today we have 60 trillion cubic feet of unconventional gas resources worldwide.

We have been producing gas in North America for over 30 years, from tight gas, coal bed methane and shale gas – production today stands at around 2 billion cubic feet per day or 325 thousand barrels of oil equivalent per day.

Over the last five years we have radically re-focused our footprint, divesting around 8 billion dollars of declining assets, and acquiring an equivalent amount in growth plays. For example, we now have around 6 trillion cubic feet or 1 billion barrels of oil equivalent in the Eagle Ford distributed over 450,000 acres, and also have significant positions in the Woodford, Fayetteville and Haynesville shales.

With the changing price environment of the past few years we have scaled back our dry gas rig count and focused on growing our wetter gas plays in the shales and liquids rich tight gas.

We have also been very active globally.

We have added tight gas potential in assets across North Africa and the Middle East in which we have accessed more than 200 trillion cubic feet of gas in place with liquids from the Paleozoic play. Projects are being developed in each of these assets. The Khazzan project in Oman, which is under long term production test, is the most mature.

In South America, through our interest in PAE, we have a key shale liquids and gas position in the producing Neuquen basin close to existing infrastructure. PAE is currently testing this play.



## BP 2011 Results and Strategy Presentation

### Upstream break-out: Longer term investments

Similarly in Indonesia, our Sanga Sanga PSC area has rich coal bed methane resources underlying existing facilities and close to the Bontang LNG facility.

We are pacing investment in all these projects to reduce the uncertainty inherent in unconventional resources, before making large scale capital commitments.

But in all cases our new 'operating model' is helping us rapidly share lessons and capability across the portfolio.

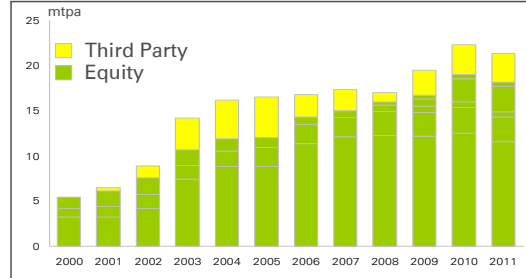


## Adding value along the 'gas value chain'

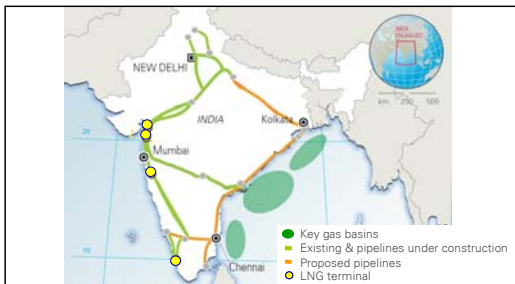
### Azerbaijan – Shah Deniz



### LNG Portfolio



### India



### Shah Deniz

- Full field development, 1.5 times first phase
- Additional 1.5 bcfd, connecting to Europe

### India

- First mover into a fast growing energy market (6% p.a. to 2030)
- Investment along the full value chain

### LNG

- Leading LNG portfolio >20 mtpa today
- Potential to increase Tangguh LNG capacity

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A further source of longer term investment is in infrastructure downstream of our producing gas fields where we can add value and cause large gas resources to flow.

We actively manage this portfolio also – divesting investments in mature basins (i.e. US and Canada) and investing in growth markets of which I will touch on three examples:

First, in Azerbaijan, where we are developing the super giant Shah Deniz field which contains some 40 trillion cubic feet in place as Mike mentioned earlier. The premium gas market in the region is Europe with the prize of long term stable cash flows. The challenge is making the physical connection, creating a 'southern corridor' balancing interests of all stakeholders across the value chain – a challenge we are taking on with our Shah Deniz partners, SOCAR and governments. We expect to reach FID soon on the 20+ billion dollar next phase for 16 billion cubic metres per annum or 1.5 billion cubic feet per day of new gas – tripling today's output.

Second, in India, we entered a joint venture with Reliance to do four things – support the near term management of the producing gas field, develop nearby satellites, explore in proven and new gas plays, and to create a downstream gas joint venture, named 'India Gas Solutions' to invest in a massive, growing, and liberalizing gas market. A strategic partnership with India to meet rapidly growing energy needs.

And third, LNG, where our leading global LNG portfolio of more than 20 million tonnes per annum is made up of a combination of equity gas dedicated to customers, equity gas which is fully flexible and LNG sourced from third parties. The flexibility which stems from this portfolio approach adds value to our upstream assets. Over the next two years, we expect to increase this portfolio further when we take a final investment decision to increase capacity in our Tangguh LNG facility.

## BP 2011 Results and Strategy Presentation

### Upstream break-out: Longer term investments

Each example illustrates how we participate throughout the gas value chain. Working with partners, governments and customers, we combine capability in upstream, midstream infrastructure (including LNG shipping) and marketing to create a portfolio which monetizes our production.



## Opportunities for the longer term

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- Total resource base has grown
- Exploration focused on deepwater – activity ramping up
- Giant fields continue to grow through appraisal
- Post-2014 wave of projects underway
- Unconventional oil and gas is a material part of the portfolio
- Significant value add through integrated gas value chains

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So to summarize, Mike and I have attempted to provide some colour and detail around the depth our portfolio, and what to look out for post 2014.

Expect our exploration drilling machine to ramp up as it drills-out our exploration inventory - and yes it has a focus on the deepwater.

Our appraisal activity is bringing forward new projects for the second half of the decade, both from legacy giant fields and new discoveries.

We will invest where we can add value along the full gas value chain and thus ensure that attractive gas resources flow to market.

We have a considerable 'unconventional' portfolio both oil and gas which will create a strong foundation for future decades.

Thank you

I think we have time for a few questions.