Canadian Oil Sands

Anne Drinkwater - 9th February 2010

Cautionary Statement

Forward Looking Statements - Cautionary Statement

This presentation and the associated slides and discussion contain forward looking statements, particularly those regarding global energy demand and production; expected future energy mix; decline in mature fields and expected future production; global oil and gas reserves; internal carbon price; anticipated competitive advantage through technology and capability; anticipated future investment in Alternative Energy; oil sand strategy (including the anticipated competitive nature of any resource basis renewal; opportunity to leverage technological experience; and value creation through integration with the downstream); the possibility of future production improvements through technological developments; and expected sanction date, anticipated production potential, timing of first oil and lease footprint of the Sunrise project. By their nature, forward-looking statements involve risks and uncertainties 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 on stream; future levels of industry product supply; demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; regulatory or legal actions; exchange rate fluctuations; development and use of new technology; changes in public expectations and other changes in business conditions; the actions of competitors; natural disasters and adverse weather conditions; wars and acts of terrorism or sabotage; and other factors discussed elsewhere in this presentation.

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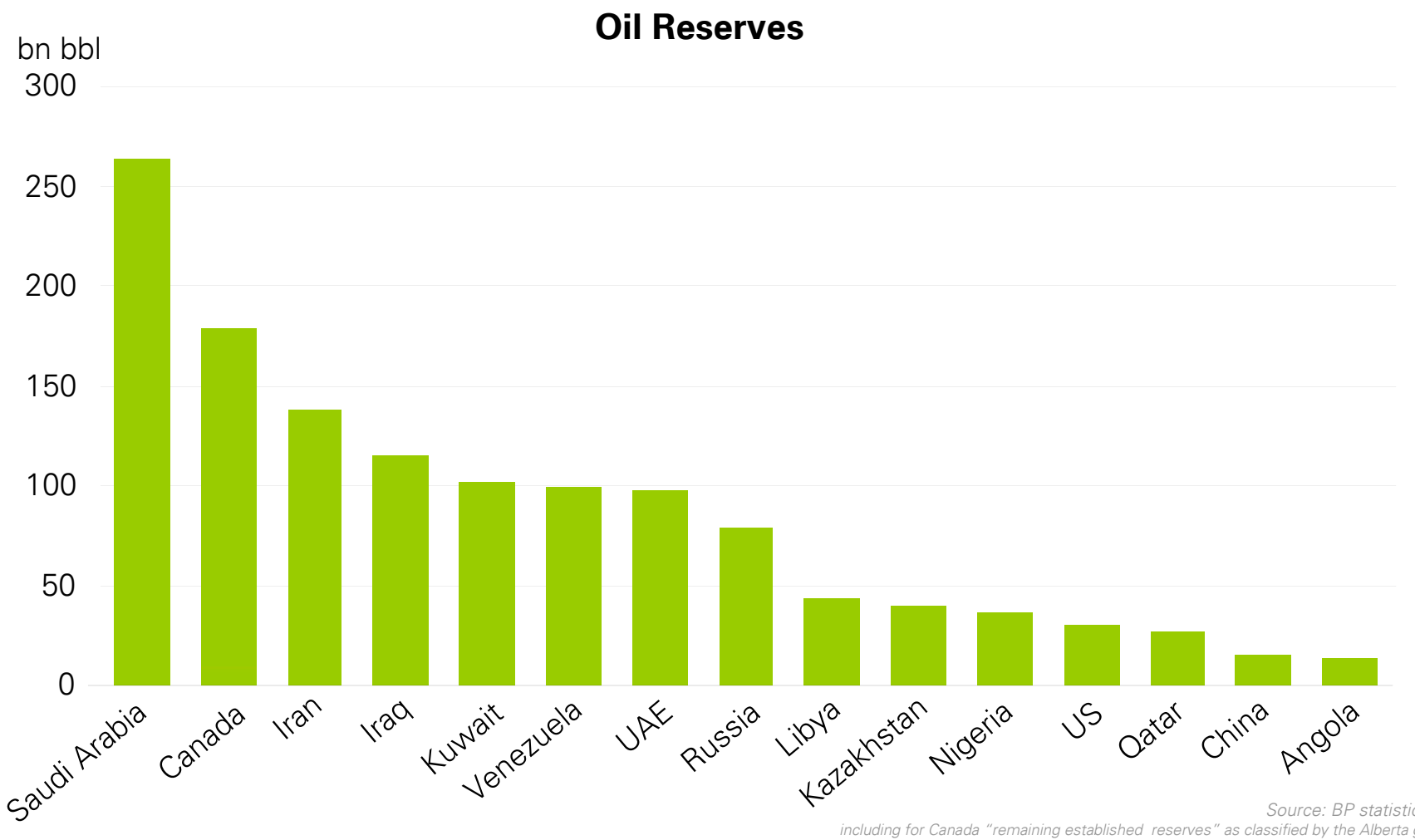
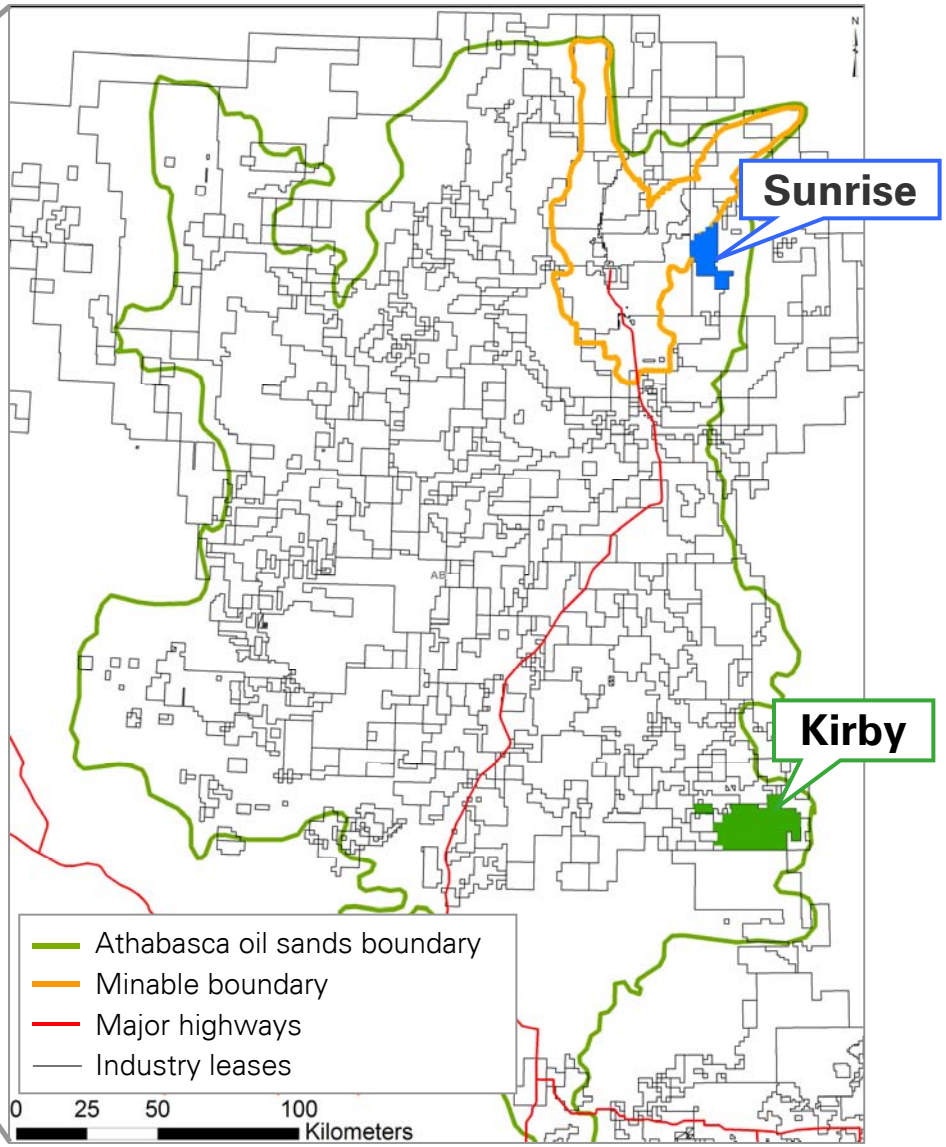
Canada's oil sands represent a significant, proven and secure source of supply for North America…

- Canada's oil sands are one of the largest known reserves of oil; second only to Saudi Arabia.
- Canada is the largest supplier of crude oil and petroleum products to the U.S.



Source: BP statistical Review
including for Canada "remaining established reserves" as classified by the Alberta government

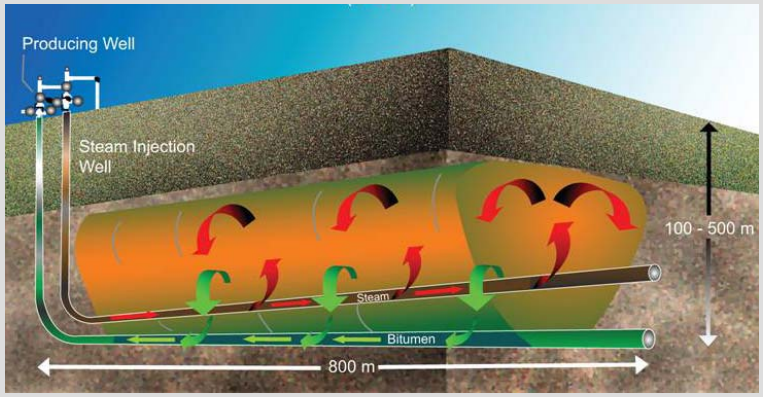
About 80% of the oil sands is too deep to be mined and is being recovered using in situ processes…



Source: CAPP/BP

In situ accounts for about 45% of current oil sands production. SAGD has emerged as the dominant in situ recovery technique…

SAGD Schematic



SAGD Well Pad

Source: Husky (Tucker SAGD Project)

Steam Assisted Gravity Drainage (SAGD)

- **Horizontal producer well located near bottom of reservoir.**
- **Steam is injected into a second horizontal well located approximately 5 meters above and parallel to producer.**
- **Steam heats the bitumen allowing it to flow along with condensed steam to lower well for production.**

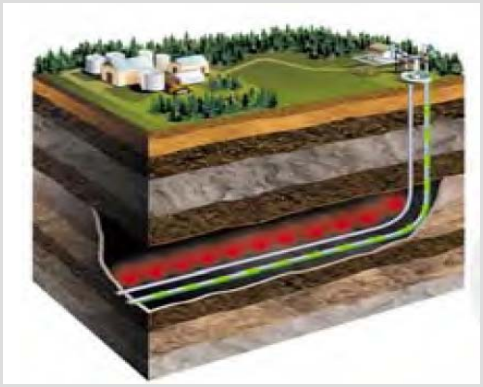
Typical SAGD Process Facilities

BP is pursuing in situ, as it plays to our strengths and has strong leverage to technology…

- In situ plays to BP's strengths, particularly expertise in improving large scale reservoir performance
- Since the introduction of SAGD, technology has improved efficiency
  - Improved well start-up techniques
  - Lower operating temperature and pressure (use of electric submersible pumps)
  - Injection of non-condensable gas to maintain reservoir pressure
- There are further opportunities to enhance performance
  - Additives to steam
  - Single producer infill wells
  - 4D seismic interpretation to support steam chamber management
  - Down-hole injection control to improve steam placement

An integrated approach allows BP to capture margins across the value chain…

Production



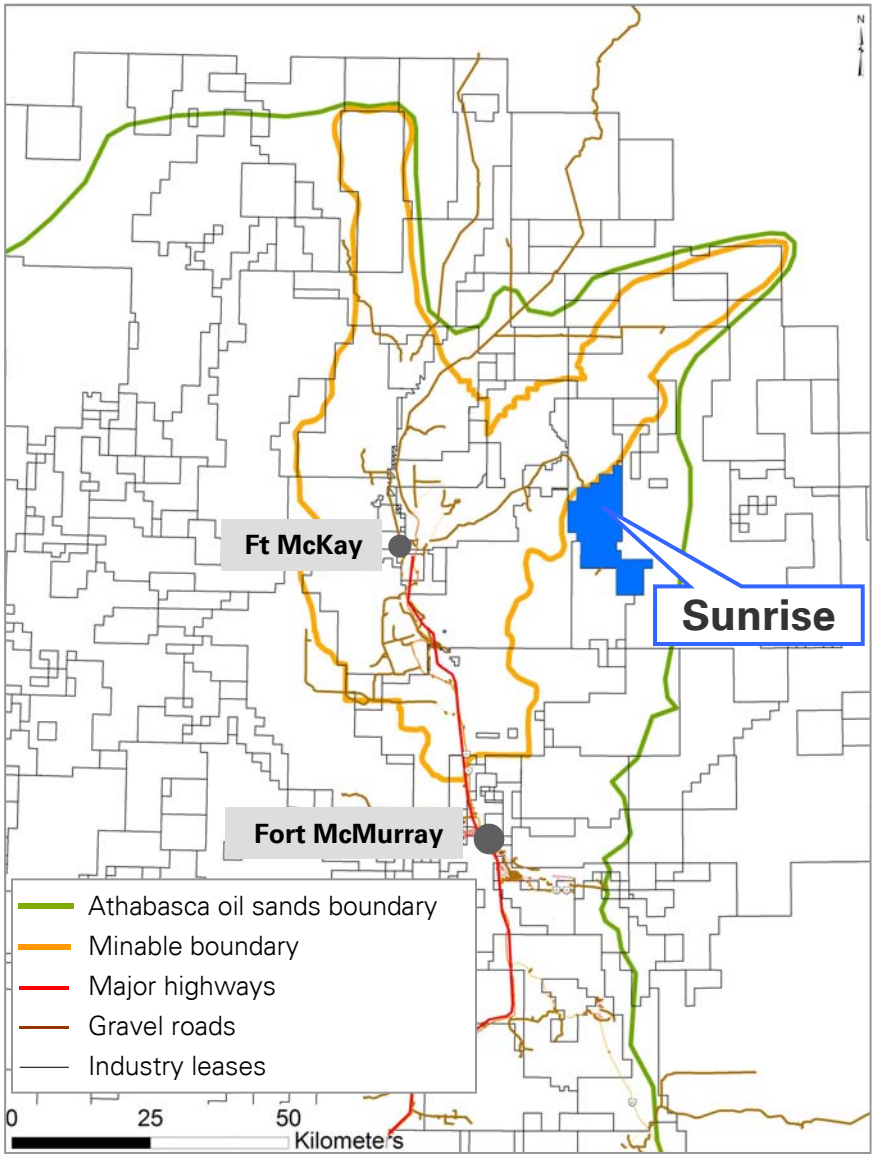
Dilbit (bitumen and diluent)

Diluent

Refining

Bitumen is blended with diluent to allow it to be shipped by pipeline to the refinery. An integrated approach allows BP to capture margins across the full value chain and avoids additional costs and GHG emissions associated with upgrading prior to shipment to refinery.

BP is building an integrated position in the oil sands, with priority on Sunrise…



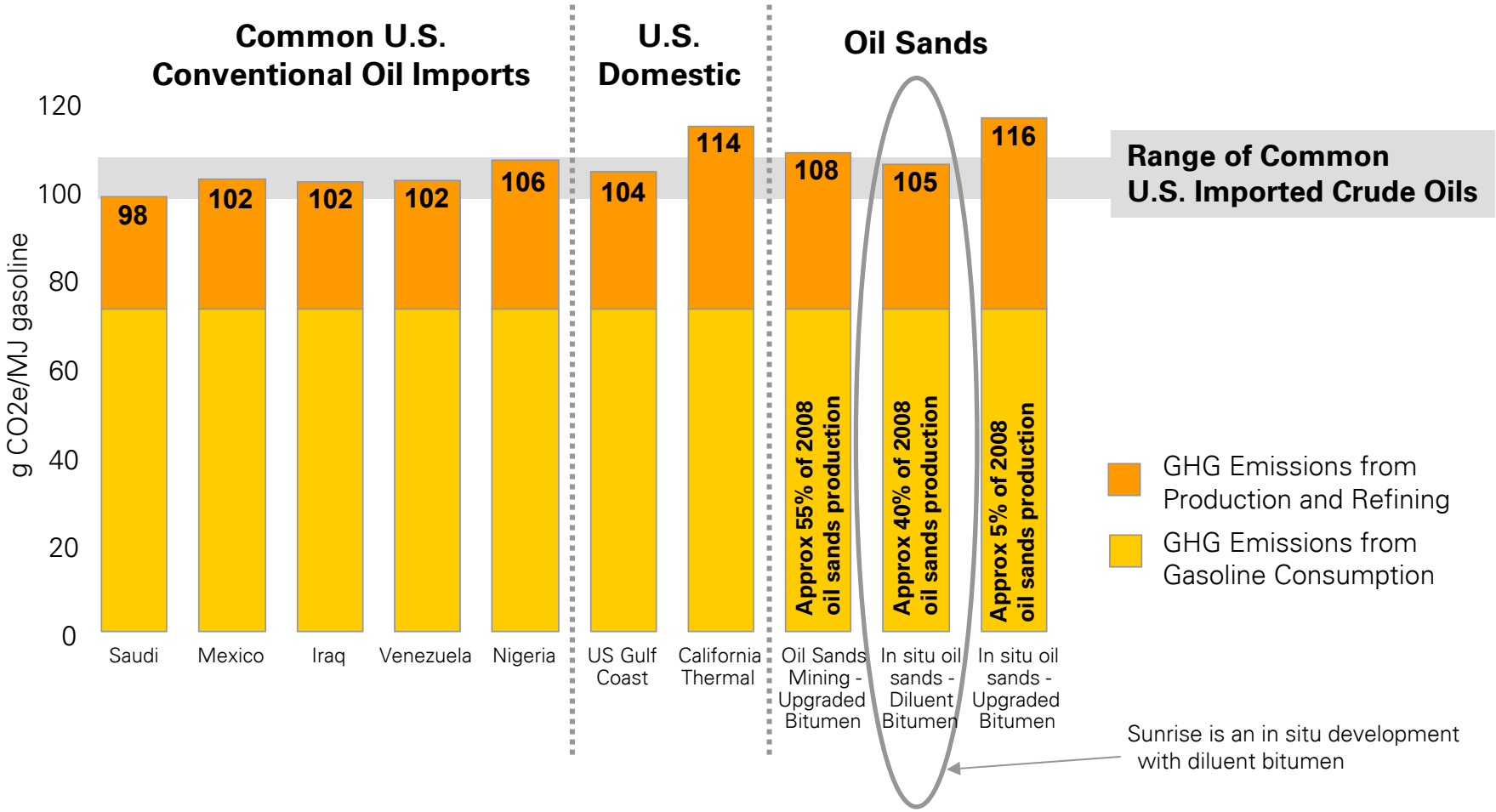
Sunrise

- Resource >3 bn bbls
- Status Sanction late 2010
- Production potential[2] >200 mbd
- Timing 2014 first oil

[2] Phase 1 = capacity 60 mbd

On "wells to wheels" basis, GHG emissions from oil sands are comparable to other crudes consumed in U.S.…

- Wells-to-wheels analysis measures GHG emissions from production through to consumption



Source: CAPP, based on Jacobs Consultancy, Life Cycle Assessment Comparison for North America and Imported Crudes, June 2009

Continuous improvement to energy efficiency is key to reducing GHG emissions…

- Full value chain integration avoids additional GHG emissions associated with upgrading prior to shipment to refinery
- Examples of Reservoir management
  - Selection of high quality reservoir
  - Optimizing placement of wells and pressure and temperature at which reservoir will be operated
  - Pursuing industry partnership to investigate emerging technologies such as solvent additions to steam
- Examples of Topsides efficiency
  - Heat recovery systems
  - Vapour recovery systems
  - Flareless well sites
  - Studying further opportunities such as membrane water treating technologies
- Evaluating co-generation
- Carbon capture and storage being evaluated but seen as a longer term mitigation opportunity

Water plays an important role in SAGD projects and will be used responsibly at Sunrise…

- No surface water withdrawals
- >90% water recycle rate
- Evaluating emerging water treating technologies for future phases

Steam generation 100%

Source: Husky (Tucker SAGD Project)

Reservoir 98%

Source: Husky (Tucker SAGD Project)

Water Recycle

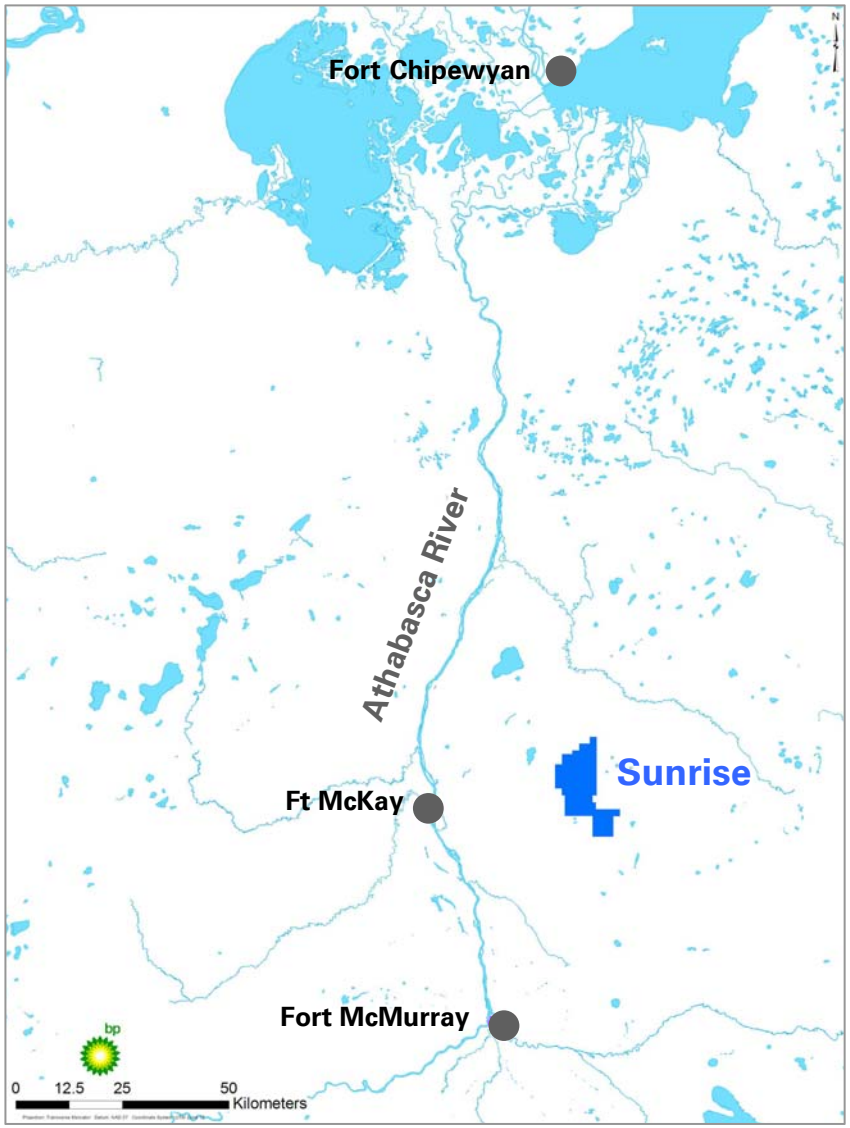
<10% make-up

<8% disposal

Sunrise is being designed to minimize impact on the ecosystem, animal corridors and sensitive areas…

- Over the project's life, the planned total physical footprint of Sunrise will be about 5% of the lease area
  - At any given time, actual project surface disturbance should not exceed 3%
- Initiatives with respect to land use include
  - Constraints mapping
  - Utilization of existing disturbances
  - Pre-development assessments prior to construction
  - Progressive reclamation
  - Well sites designed for multiple well pairs using horizontal wells

Local relationships supported by early and ongoing consultation by Husky as operator…



- Husky has been proactive in building relationships with local stakeholder including First Nations and Métis groups
- Working to facilitate meaningful business and economic benefits with local stakeholders

Source: Husky (Sunrise Stakeholder open house)

Development of Canadian oil sands is aligned to BP's strategy

- Aligned to Upstream growth strategy…..
  - Competitive source of renewal;
  - Leverages BP's reputation and capability in 'frontier' technology development;
  - Value from linkage to BP's Integrated Fuel Value Chain.
- …delivered with BP's commitment to sustainability ….
  - Technology – SAGD only, not mining
  - Carbon price – consistent approach across all renewal opportunities
  - Adheres to BP's Environment Practice for New Projects e.g. water management, land use, community relations