Issue

11



Responsible Investor Briefing

Friday, 5 December 2014

In 2010, we accepted all 26 recommendations made by the Bly Report – our internal investigation into the Deepwater Horizon incident.

BP has committed to providing regular updates on progress towards the implementation of these 26 recommendations.

Update on completed recommendations

The total number of completed¹ recommendations is now 23, with 97% of the 163 deliverables required to complete all recommendations also now completed. This compares to 85% of the deliverables complete at the time of the previous SRI update in June 2014.

Since the previous update, we have completed 8 recommendations (highlighted in the following section), including a bundle of 6 BOP-related recommendations covering areas such as testing; maintenance; redundancy and reliability; as well as shear ram configuration and capability.

Work has progressed on all 26 recommendations in parallel, on a risk prioritised basis. All completed recommendations and deliverables now form a sustainable part of our operating management system within the Global Wells Organisation.

Progress update

We continue to make progress on all of the remaining 3 recommendations largely in line with our planned schedule.

The following is an update of progress on each of the remaining recommendations²

1. Update and clarify cementing practice and guidelines – **Complete**

¹ A recommendation is defined as complete when the VP, Technical Functions GWO has concluded that the action has been completed and has submitted to S&OR Audit for verification

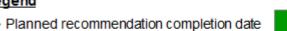
² You can find a more detailed description of each of the recommendations at www.bp.com/26recommendations

- 2. Update requirements for subsea blow out preventer (BOP) configuration **Complete** (*since last SRI update*)
 - Two sets of blind shear rams are now required on all subsea BOP's used on dynamically positioned rigs
 - A gap assessment against the updated BOP configuration requirements was conducted for all BP-operated and BP-contracted drilling rigs. Gap closure actions were compiled and approved by each respective region as part of completing this recommendation.
- 3. Update requirements for negative pressure tests and lock-down rings Complete
- 4. Update practice on working with pressure, including contingency and testing procedures **Complete**
- 5. Strengthen incident reporting standards for well control and well integrity **Complete**
- 6. Proposal of recommended practice for design and testing of foamed cement slurries to API **Complete**
- 7. Assess risk management and Management of Change (MoC) processes for life cycle of global wells activities
 - MoC and risk management practices have been developed for global drilling operations and issued to the Global Wells Organization
 - A management of change training programme has been developed, and over 1450 of the identified audience have been trained to date.
 - Annual risk action plans for 2014 were developed in each of the global wells regions using the new risk management procedure. These risk action plans are currently undergoing Executive review and endorsement.
- 8. Strengthen the technical authority's role in cementing and zonal isolation Complete
- 9. Enhance drilling and completions competency programs for key operational and leadership positions **Complete** (*Since last SRI update*)
 - A sustainable competency assurance program has been instituted for both well site leaders (WSLs) and wells team leaders (WTLs).
 - Specific to well control, over 1000 WSL assessments have been conducted in all 9 regions.
 - Ongoing competency assessments are being conducted, with 27 of the 40 wells team leader population assessed to date.
- 10. Develop advanced deepwater well control training **Complete**
- 11. Establish BP in-house expertise for subsea BOP & BOP control systems Complete
- 12. Request the International Association of Drilling Contractors (IADC) to develop subsea engineering certification **Complete**
- 13. Strengthen our rig audit process to improve closure and verification of audit findings across the rigs we own and contract **Complete**

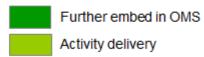
- 14. Establish key performance indicators (KPI) for well integrity, well control, and rig safety-critical equipment **Complete**.
- 15. Require drilling contractors to implement auditable integrity monitoring system **Complete** (*Since last SRI update*)
- 16. Assess cementing service provider capabilities Complete
- 17. Confirm well control and monitoring practices are defined and applied
 - Requirements for well control and well monitoring have been defined and codified in BP practices. BP's Well Control Manual has also been updated and issued.
 - A three day workshop has been developed in order to train key personnel on the updated requirements. As of end October 2014, over 520 people have undergone this training.
 - Verification and assurance that these well control and well monitoring practices are rigorously applied on BP-operated and BP-contracted rigs will continue through 2014 and 2015. The implementation of these standards is a significant undertaking but work is well underway in line with the planned schedule, with the recommendation on track to be completed by end 2015.
- 18. Require hazard and operability reviews for surface gas and drilling fluid systems **Complete**
- 19. Include study of all drilling rig surface system hydrocarbon vents in all HAZOPS **Complete**
- 20. Establish minimum levels of redundancy and reliability for BOP systems **Complete** (*Since last SRI update*)
- 21. Strengthen BP's requirements for BOP testing by drilling contractors, including emergency systems **Complete** (*Since last SRI update*)
- 22. Strengthen BP's requirements for BOP maintenance management systems by drilling contractors **Complete** (*Since last SRI update*)
- 23. Set minimum requirements for drilling contractors' MoC for subsea BOPs **Complete** (*Since last SRI update*)
- 24. Develop a clear plan for remotely operated vehicle (ROV) intervention for each subsea BOP **Complete**
- 25. Require contractors to verify blind shear ram performance capability **Complete** (*Since last SRI update*)
- 26. Include testing and verification of revised BOP standards in rig audit
 - Due to the completion of recommendations 20 25, work has begun towards completion of recommendation 26 and is now well underway.
 - Checklists and appropriate rig audit protocols are being reviewed and amended as part of this activity.

Updated project timeline³





Actual recommendation completion date



³ These timelines are estimated and based on existing facts and circumstances. They can shift due to complexity, resource availability, and evolving regulatory requirements. Each recommendation has a distinct set of requirements and conditions for completion. In some cases, this will involve the delivery of key documents (light green bar above) whereas for others additional activity is required to further embed in OMS and/or verify implementation (dark green bar)