Winter to date – a BP perspective

20th December '06

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Content

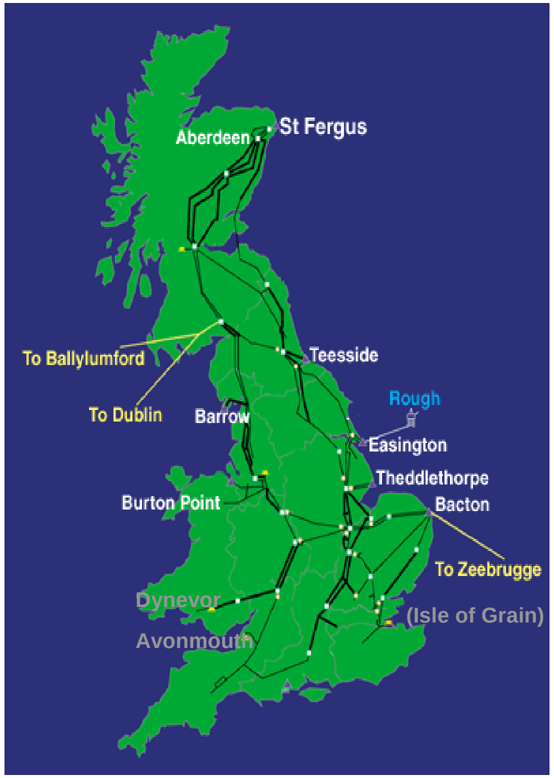
- Winter so far
- Supply / demand balance
- Elements of supply – context - relative contribution
  - Beach
  - Interconnectors
  - Storage
- LNG

Winter so far

- Set to be the hottest year since records began in 1659
  - likely average temperature 10.63
- Warmest autumn since records began
  - mean temperature 12.6C
- Warmest ever September on record, with an average of 16.8C
- Forecast to be average or warmer than average across UK for rest of winter

Supply / demand winter '06/'07

- New import projects
  - Langeled and BBL delivered on time
  - Excelerate first cargo planned for 18th January 2007
- Rough was 100.5% full 14 December
- Medium range storage 98.4% full 14 December
- Short range storage 87% full 14 December

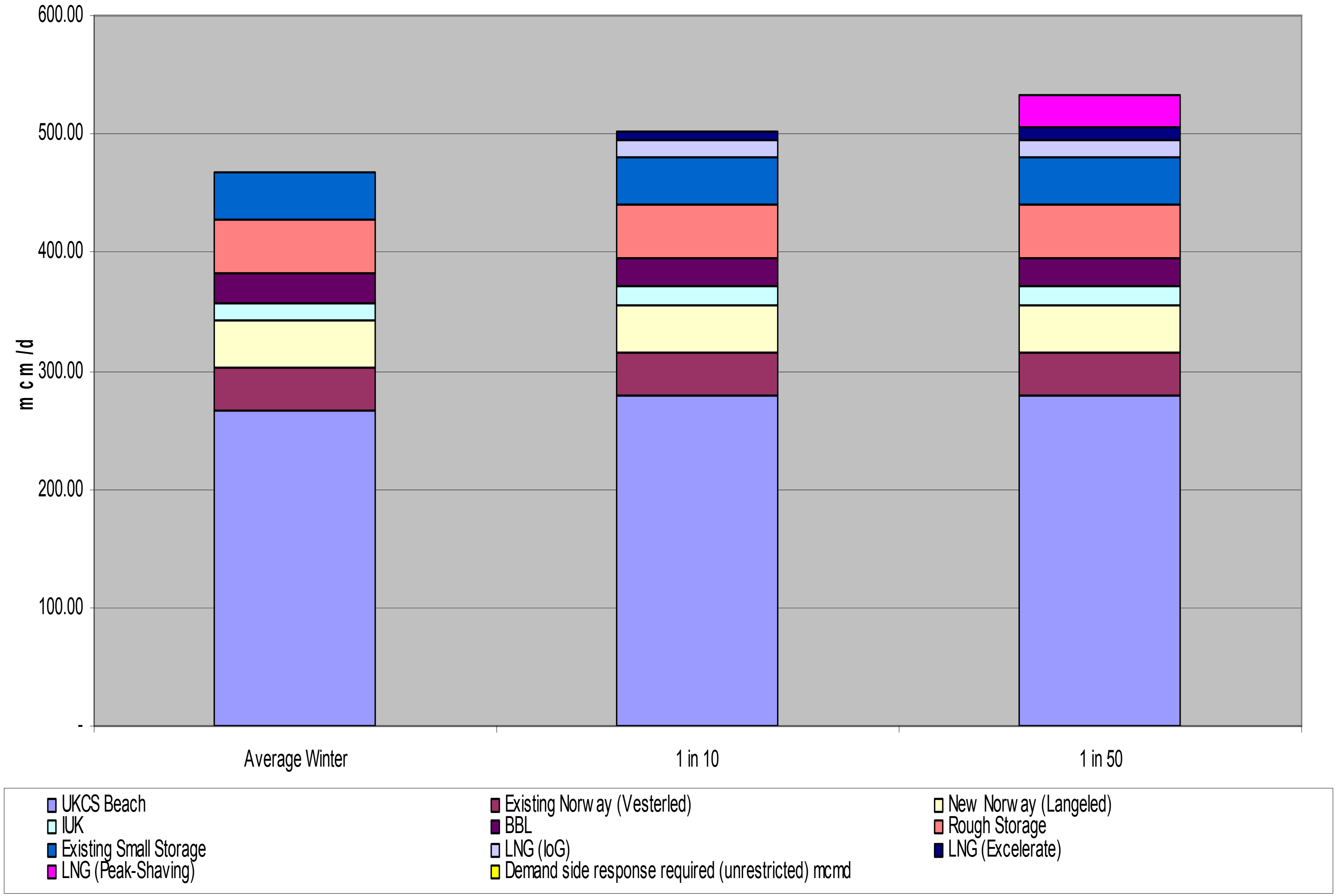


Source: National Grid

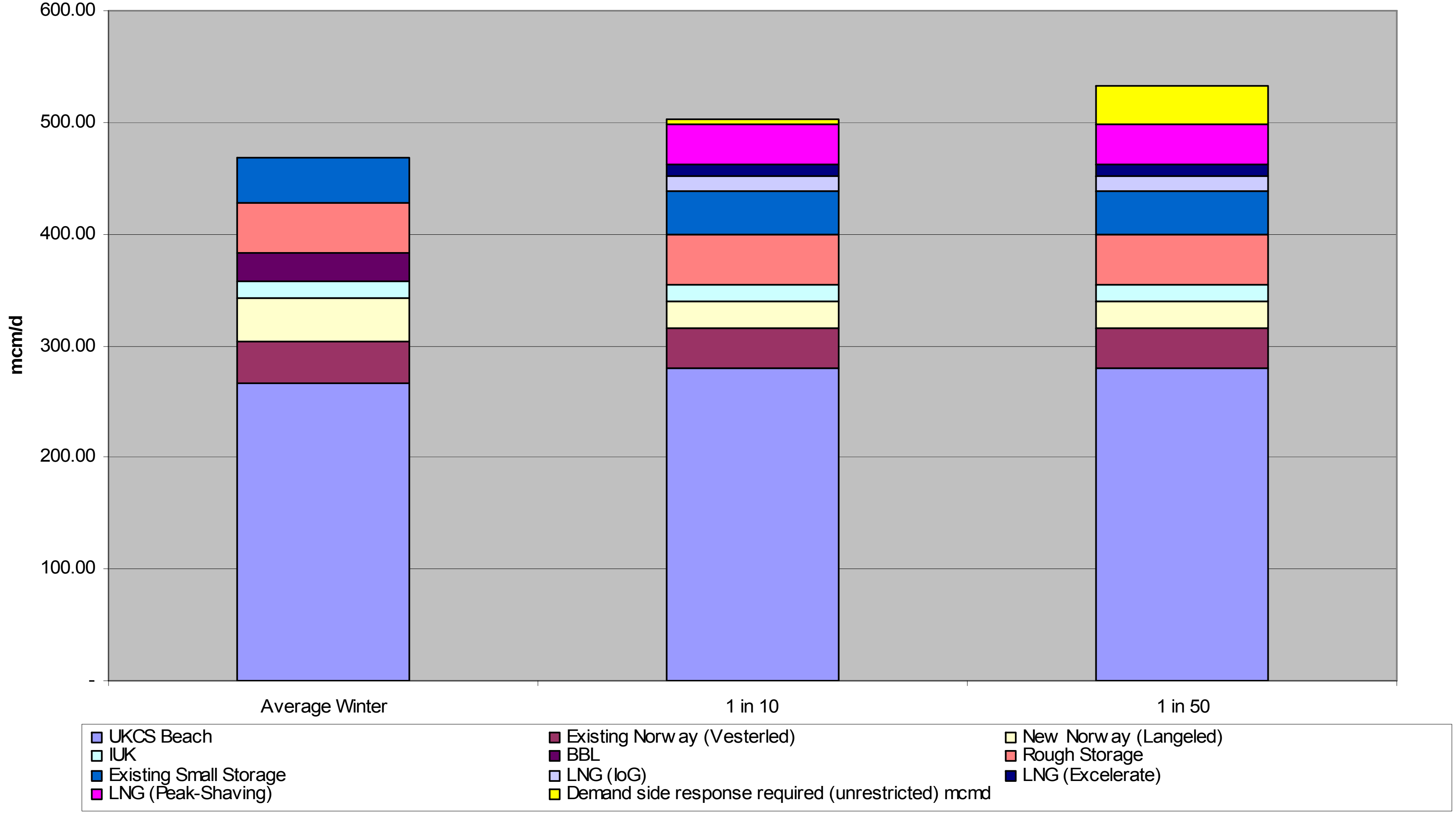
Source of supply

- UKCS (excl Morecambe and Sean)
- Isle of Grain
- Vesterled / Langeled
- BBL
- Interconnector
- Morecambe / Sean
- Rough
- Medium range storage
- Short term storage

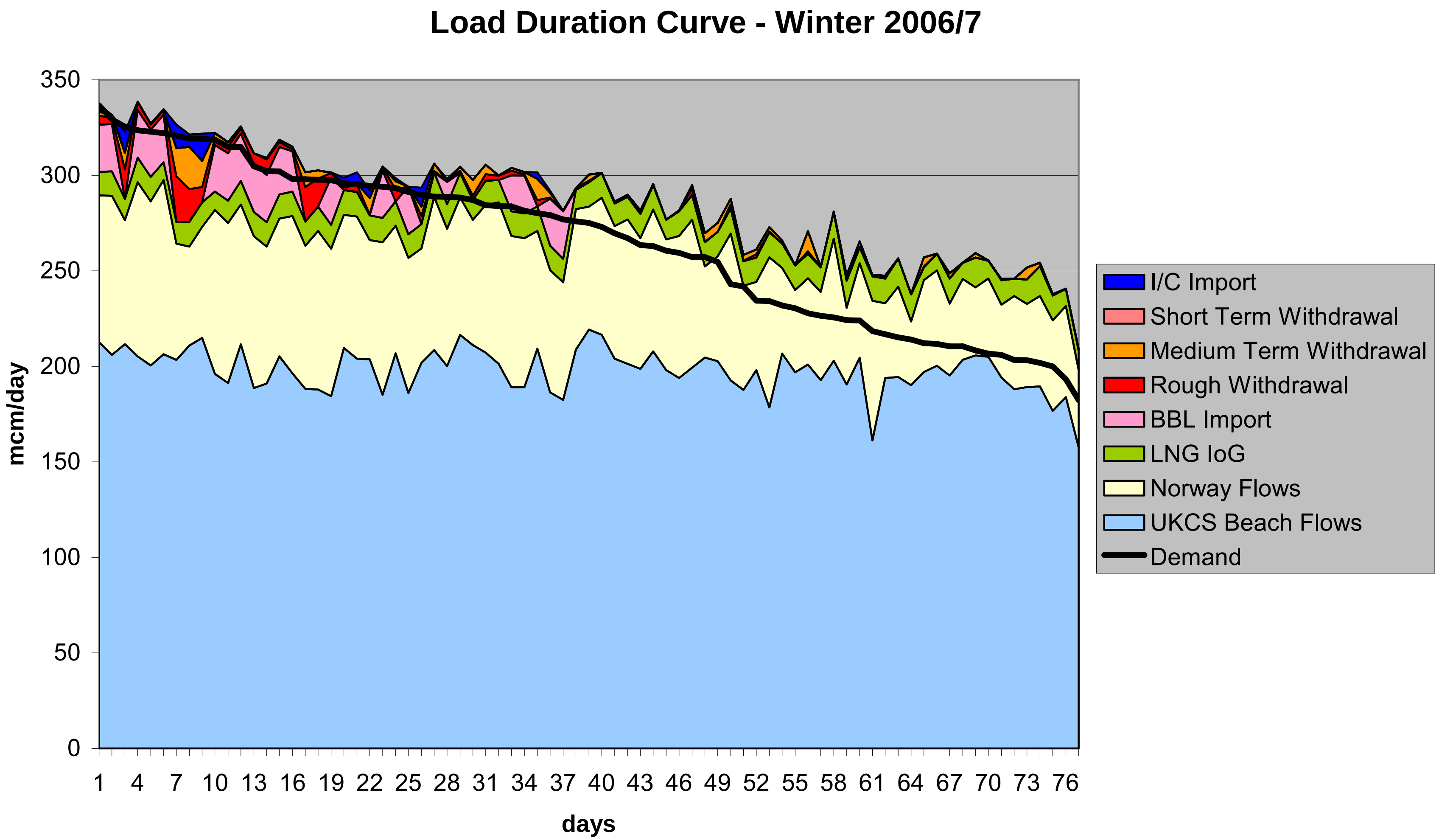
Elements of peak UK supply 06/07 mcm/day – Continental gas flowing



Elements of peak UK supply 06/07 mcm/day – Continental gas not flowing



Winter 2006/07



Upstream contribution

- **Focus areas for winter 06/07**
  - refreshed plans and procedures, building on experience from last winter
  - streamlined communication routes
  - revisited asset availability plans and winter preparations
  - liaison with DTI and NG on updates to procedures
  - timely dialogue with DTI on material operational events

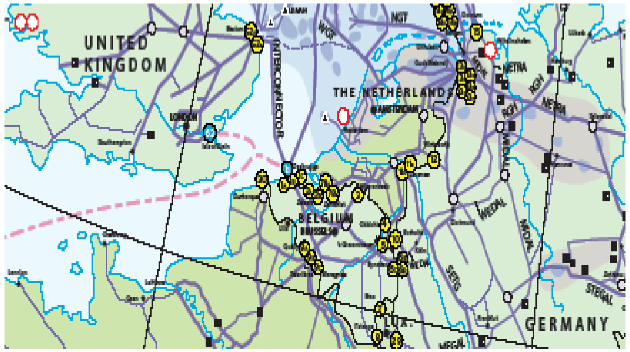
- **Participated along with UKOOA, DTI & NG in the review of the effect on gas availability of relaxing NTS entry specifications**

- **Participation in Exercise Golf 19 Oct and 2 Nov**
  - operational safety underpins security of supply responses
  - communications protocols working effectively
  - review of interactions between gas and electricity supply
  - review of communications resilience

- **Held internal exercise to test the effectiveness of communication and reporting lines**

Interconnectors

- Extra capacity has been delivered
- IUK upgrade completed two months ahead of schedule
- Additional capacity this winter with BBL and Langeled pipelines now on stream
- No guarantee that the commodity will flow
- Interconnector makes first intra-day flip
- How much gas will be available for imports?
  - infrastructure upstream of IUK
  - quality
  - security of supply in other countries.



Source - GIE

Storage

- Long range storage
  - Rough is a key element of the winter's supply
- Medium range storage
- LNG peak shaving facilities

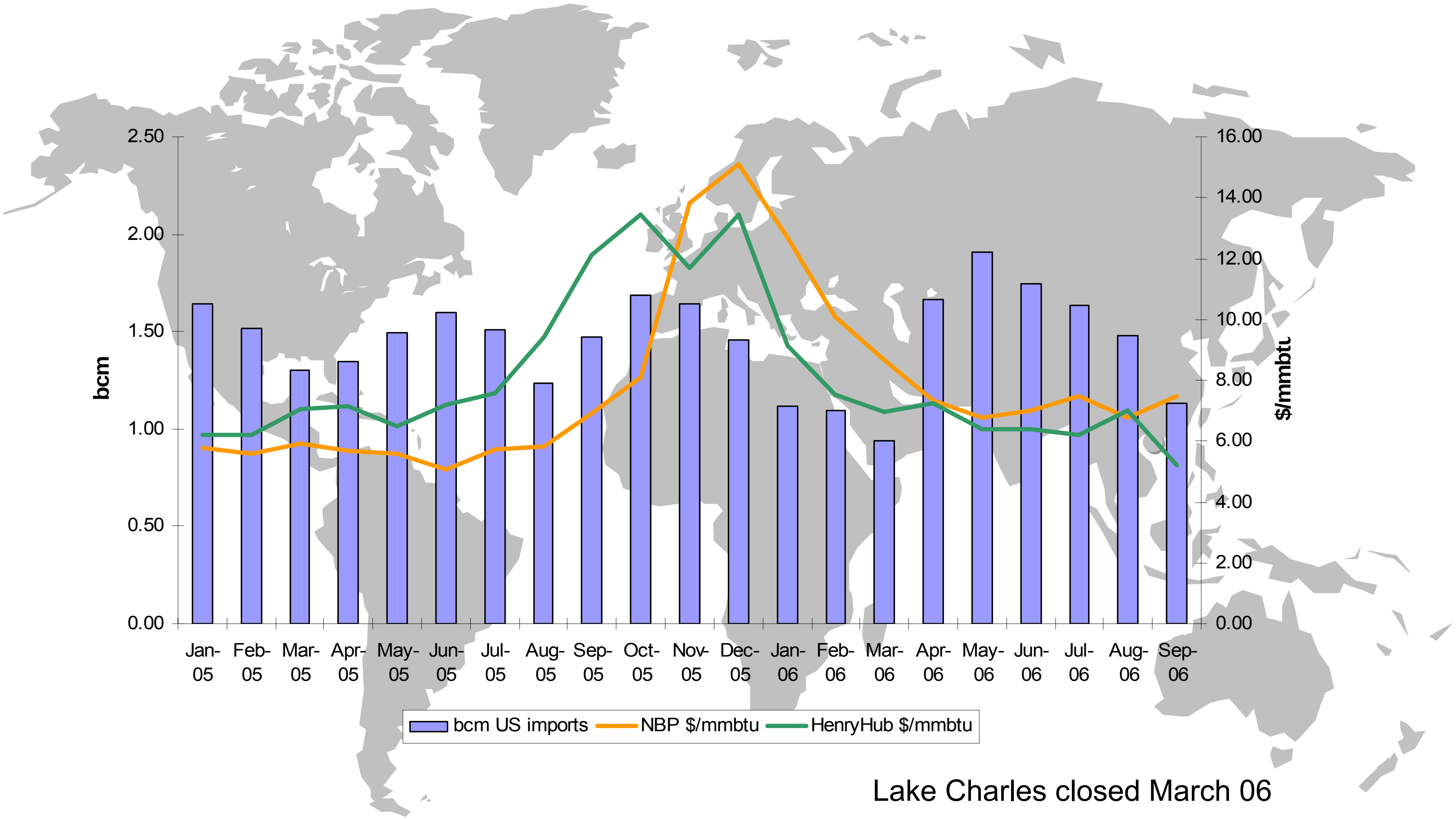
Source – Centrica Storage

The rise of LNG

- 214 ships in service as of 1st October 2006
  - 121 (57%) less than 10 years old
- Expected to be 259 ships by September 2010
  - Of these 237 (66%) will be less than 10 years old
- Between October 1991 to September 2006 the LNG fleet expanded by an average 8.9% per annum (volume basis)
  - In the last five years the expansion rate has been 12.9%
- Since 1964 only eight ships have been scrapped, the last in 1977

Source: WoodMackenzie

Recent market dynamics



Lake Charles closed March 06

Isle of Grain

- Secondary capacity arrangements implemented 31st July
- Further details are available on the agents website www.lngga.com

The British Merchant

Market forces in the world LNG market are the key as to whether LNG flows to the UK - new secondary capacity arrangements cannot guarantee that slots will be filled

Summary

- Upstream supply will still be the mainstay of UK gas supply this winter
- BP is doing all it can to maximise upstream production and reliability
- Reliable operation of Rough has proved to be an important factor
- Flows through interconnectors are important
- LNG will contribute
- Demand side response plays a part

Success in achieving supply / demand balance will be delivered by a combination of the above