BP WEST PAPUA I LIMITED
(Registered No 04833438)

ANNUAL REPORT AND ACCOUNTS 2011

Board of Directors	J H Bartlett
	J S Blythe
	M R Illingworth
	W W L Lin
	A P Martin

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2011

Results and dividends

The loss for the year after taxation was $6,635,000 which, when added to the retained deficit brought forward at 1 January 2011 of $1,270,000, gives a total retained deficit carried forward at 31 December 2011 of $7,905,000

Principal activity and review of the business

The company has been set up to cover BP E&P activities in the West Papua I PSC, located approximately 130kms south of the Tangguh unit BP farmed-in to a 32% working interest of the Chevron operated PSC at the end of 2009 The PSC is in its initial exploration phase where seismic work commenced in 2011

No key financial and other performance indicators have been identified for this company

Principal risks and uncertainties

The company aims to deliver sustainable value by identifying and responding successfully to risks Risk management is integrated into the process of planning and performance management at a group level Monitoring and accountability for the management of these risks occur through quarterly performance reviews at a group level

Consider carefully the risks described below, the potential impact of their occurrence on the business, financial addition and results of operation for the company

Company level risks have been categorised against the following areas strategic, compliance and control, safety and operational, and financial risk management In addition, we have also set out a further category of risk for your attention – those resulting from the Gulf of Mexico oil spill (the Incident) and those related to the general macroeconomic outlook

BP WEST PAPUA I LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Gulf of Mexico oil spill

The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP as a group, and consequently may also have an adverse impact on BP West Papua I Limited

There is significant uncertainty in the extent and timing of costs and liabilities relating to the Incident, the impact of the Incident on the reputation of the BP group and the resulting possible impact on the company's ability to access new opportunities There is also significant uncertainty regarding potential changes in applicable regulations and the operating environment that may result from the Incident These increase the risks to which the group and therefore the company are exposed to These uncertainties are likely to continue for a significant period Thus, the Incident has had, and could continue to have, a material adverse impact on the group's business, competitive position, financial performance, cash flows, prospects, liquidity, shareholder returns and/or implementation of its strategic agenda, particularly in the US

The BP Group recognized charges totalling $40 9 billion in 2010 and a credit of $3 7 billion in 2011 as a result of the Incident The total amounts that will ultimately be paid by BP in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors Furthermore, the amount of claims that become payable by BP, the amount of fines ultimately levied on BP (including any potential determination of BP's negligence or gross negligence), the outcome of litigation, and any costs arising from any longer-term environmental consequences of the oil spill, will also impact upon the ultimate cost for BP Although the provision recognized is the current best estimate of expenditures required to settle certain present obligations at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligation reliably The risks associated with the Incident could also heighten the impact of the other risks to which the group is exposed as further described below Further information on the Incident, is included within the BP group Annual Report and Form 20-F for the year ended 31 December 2011

General macroeconomic outlook

The general macroeconomic outlook can affect BP group results, and consequently may affect BP West Papua I Limited, given the nature of the company's business

In the continuing uncertain financial and economic environment, certain risks may gain more prominence either individually or when taken together Oil and gas prices can be very volatile, with average prices and margins influenced by changes in supply and demand This is likely to exacerbate competition in all businesses, which may impact costs and margins At the same time, governments are facing greater pressure on public finances, which may increase their motivation to intervene in the fiscal and regulatory frameworks of the oil and gas industry, including the risk of increased taxation, nationalisation and expropriation The global financial and economic situation may have a negative impact on third parties with whom we do, or may do, business

The exit of one or more countries from the Eurozone could exacerbate any recession, leading to lower demand and lower oil prices Any of these factors may affect the company's results of operations, financial condition, business prospects and liquidity

Principal risks and uncertainties (continued)

Strategic risks

Prices and markets
Oil, gas and product prices are subject to international supply and demand Political developments and the outcome of meetings of OPEC can particularly affect world supply and oil prices Previous oil price increases have resulted in increased fiscal take, cost inflation and more onerous terms for access to resources As a result, increased oil prices may not improve margin performance In addition to the adverse effect on revenues, margins and profitability from any fall in oil and natural gas prices, a prolonged period of low prices or other indicators would lead to further reviews for impairment of the company's oil and natural gas properties Such reviews would reflect management's view of long-term oil and natural gas prices and could result in a charge for impairment that could have a significant effect on the company's results of operations in the period in which it occurs Periods of global recession could impact the demand for the company's products, the prices at which they can be sold and affect the viability of the markets in which the company operates

Socio-political
The diverse nature of the company's operations around the world exposes it to a wide range of political developments and consequent changes to the operating environment, regulatory environment and law

The company has operations in countries where political, economic and social transition is taking place Some countries have experienced political instability, changes to the regulatory environment, expropriation or nationalisation of property, civil strife, strikes, acts of war and insurrections Any of these conditions could disrupt or terminate the company's operations, causing its development activities to be curtailed or terminated, or its production to decline, and could cause it to incur additional costs

Investment efficiency
The company's organic growth is dependent on creating a portfolio of quality options and investing in the best options Ineffective investment selection and development could lead to loss of value and higher capital expenditure

Principal risks and uncertainties (continued)

Compliance and control risks

Regulatory
The oil industry is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental, health and safety controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalisation, expropriation, cancellation or non-renewal of contract rights The company buys, sells and trades oil and gas products in certain regulated commodity markets Failure to respond to changes in trading regulations could result in regulatory action and damage to the company's reputation The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operates in certain tax jurisdictions that have a degree of uncertainty relating to the interpretation of, and changes to, tax law As a result of new laws and regulations or other factors, the company could be required to curtail or cease certain operations, or it could incur additional costs

The Gulf of Mexico oil spill is likely to result in more stringent regulation of oil and gas activities in the US and elsewhere, particularly relating to environmental, health and safety controls and oversight of drilling operations, as well as access to new drilling areas Regulatory or legislative action may impact the industry as a whole and could be directed specifically towards the BP group New regulations and legislation, as well as evolving practices, could increase the cost of compliance and may require changes to the company's drilling operations, exploration, development and decommissioning plans, and could impact its ability to capitalise on its assets and limit its access to new exploration properties or operatorship's In addition, increases in taxes, royalties and other amounts payable to governments or governmental agencies, or restrictions on availability of tax relief, could also be imposed as a response to the Incident

Reporting
External reporting of financial and non-financial data is reliant on the integrity of systems and people Failure to report data accurately and in compliance with external standards could result in regulatory action, legal liability and damage to the company's reputation

BP WEST PAPUA I LIMITED

REPORT OF THE DIRECTORS

Principal risks and uncertainties (continued)

Safety and operational risks

Process safety, personal safety and environmental risks
The nature of the company's operations exposes it to a wide range of significant health, safety, security and environmental risks The scope of these risks is influenced by the geographic range, operational diversity and technical complexity of the company's activities There are risks of technical integrity failure as well as risks of natural disasters and other adverse conditions in many of the areas in which the company operates, which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents

The company's operations are often conducted in difficult or environmentally sensitive locations, in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations These operations are subject to various environmental laws, regulations and permits and the consequences of failure to comply with these requirements can include remediation obligations, penalties, loss of operating permits and other sanctions Accordingly, inherent in the company's operations is the risk that if it fails to abide by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, legal liability, material costs and damage to the company's reputation or licence to operate

To help address health, safety, security, environmental and operations risks, and to provide a consistent framework within which the BP group can analyse the performance of its activities and identify and remediate shortfalls, BP implemented a group-wide operating management system (OMS) The embedding of OMS continues and following the Gulf of Mexico oil spill a separate Safety and Operational Risk (S&OR) function is being established, reporting directly to the BP group chief executive There can be no assurance that OMS will adequately identify all process safety, personal safety and environmental risks or provide the correct mitigations, or that all operations will be in compliance with OMS at all times

Security
Security threats require continuous oversight and control Acts of terrorism, piracy, sabotage and similar activities directed against the company's operations and offices, pipelines, transportation or computer systems could cause harm to people and could severely disrupt business and operations The company's business activities could also be severely disrupted by civil strife and political unrest in areas where we operate

Drilling and production
Exploration and production require high levels of investment and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of an oil or natural gas field The company's exploration and production activities are often conducted in extremely challenging environments, which heighten the risks of technical integrity failure and natural disasters discussed above The cost of drilling, completing or operating wells is often uncertain The company may be required to curtail, delay or cancel drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions and compliance with governmental requirements

In addition, exploration expenditure may not yield adequate returns, for example in the case of unproductive wells or discoveries that prove uneconomic to develop The Gulf of Mexico incident illustrates the risks the company faces in its drilling and production activities

Principal risks and uncertainties (continued)

Safety and operational risks (continued)

Major project delivery
Successful execution of the company's plan depends critically on implementing the activities to deliver the major projects over the plan period Poor delivery of any major project that underpins production or production growth, including maintenance turnaround programmes, and/or a major programme designed to enhance shareholder value could adversely affect the company's financial performance Successful project delivery requires, among other things, adequate engineering and other capabilities and therefore successful recruitment and development of staff is central to the company's plans

Financial risk management

The main financial risk faced by the company through its normal business activities is market risk The management of this financial risk is performed at BP group level The company seeks to maintain a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity This framework constrains the level of assessed capital at risk for the purposes of positions taken in financial instruments Failure to accurately forecast or maintain sufficient liquidity and credit to meet these needs could impact the company's ability to operate and result in a financial loss

Market risk
Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business This includes the possibility that changes in foreign currency exchange rates, interest rates or oil, natural gas and power prices will adversely affect the value of the company's financial assets, liabilities or expected future cash flows The management of such risks is performed at BP group level The group has developed a control framework aimed at managing the volatility inherent in certain of its natural business exposures In accordance with this control framework the group enters into various transactions using derivatives for risk management purposes

Going concern

The directors consider that, despite the uncertainties deriving from the current economic environment and the loss reported for the year, the company has adequate resources to continue in operational existence for the foreseeable future

Directors

The present directors are listed on page 1

There have been no director appointments or resignations since 1 January 2011

Directors' indemnity

The company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006

BP WEST PAPUA I LIMITED

REPORT OF THE DIRECTORS

Policy and practice on payment of creditors

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company with payments made in accordance with the relevant contractual payment terms A copy of the code of practice may be obtained from the CBI

The number of days' purchases represented by trade creditors at the year-end was nil

Auditor

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the company's auditor for the next year

Directors' statement as to the disclosure of information to the auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the company's auditor, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditor is unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

By Order of the Board

For and on behalf of
Sunbury Secretaries Limited
Company Secretary

15 August 2012

Registered Office

Chertsey Road
Sunbury on Thames
Middlesex
TW16 7BP
United Kingdom

BP WEST PAPUA I LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss for that period In preparing these accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BP WEST PAPUA I LIMITED

We have audited the financial statements of BP West Papua I Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the accounting policies and the related notes 1 to 12 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Jacqueline Ann Geary (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London
22 August 2012

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BP WEST PAPUA I LIMITED

ACCOUNTING POLICIES

Accounting standards
The financial statements of BP West Papua I Limited were approved for issue by the Board of Directors on 8 August 2012

These accounts are prepared in accordance with applicable UK accounting standards

In addition to the requirements of accounting standards, the accounting for exploration and production activities is governed by the Statement of Recommended Practice ('SORP') 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2001

These accounts have been prepared in accordance with the provisions of the SORP

Accounting convention
The accounts are prepared under the historical cost convention

Statement of cash flows
The group accounts of the ultimate parent undertaking contain a consolidated cash flow statement The company has taken advantage of the exemption granted by the Financial Reporting Standard No 1 (Revised), whereby it is not required to publish its own cash flow statement

Intangible assets
Intangible assets include expenditure on the exploration for and evaluation of oil and natural gas resources, computer software, patents, licences, trademarks and product development costs Product development costs are capitalised as intangible assets when a project has obtained sanction and the future recoverability of such costs can reasonably be regarded as assured The expected useful lives of the assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively

Intangible assets are not depreciated The indefinite life of intangible assets is reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively

The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable To the extent that the carrying amount exceeds the recoverable amount, that is, the higher of net realisable value and value in use, the asset is written down to its recoverable amount The value in use is determined from estimated discounted future net cash flows

Oil and natural gas exploration and development expenditure
Oil and natural gas exploration and development expenditure is accounted for using the successful efforts method of accounting

Licence and property acquisition costs
Exploration licence and property leasehold acquisition costs are initially capitalised within intangible fixed assets Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves'), the costs are aggregated with exploration expenditure and held on a field-by-field basis as proved properties awaiting approval within intangible assets When development is sanctioned, the relevant expenditure is transferred to tangible production assets

Each property is reviewed on an annual basis to confirm that drilling activity is planned and the property is not impaired If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off

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BP WEST PAPUA I LIMITED

ACCOUNTING POLICIES

Trade and other debtors
Trade and other debtors are carried at the original invoice amount, less allowances made for doubtful receivables Provision is made when there is objective evidence that the company will be unable to recover balances in full Balances are written off when the probability of recovery is assessed as being remote

Trade and other creditors
Trade and other creditors are carried at payment or settlement amounts If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate

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BP WEST PAPUA I LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
		$000	$000
Exploration expenses		(6,628)	(1,253)
Administration expenses		(7)	(11)
Loss on ordinary activities before taxation		(6,635)	(1,264)
Taxation	**2**	-	-
Loss for the year		(6,635)	(1,264)

The loss of $6,635,000 for the year ended 31 December 2011 has derived in its entirety from continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2011

There are no recognised gains or losses attributable to the shareholders of the company other than the loss of $6,635,000 for the year ended 31 December 2011 (2010 loss of $1,264,000)

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BP WEST PAPUA I LIMITED
(Registered No 04833438)

BALANCE SHEET AT 31 DECEMBER 2011

	Note	2011 $000	2010 $000
Fixed assets			
Intangible assets	**4**	4,545	4,545
Current assets			
Debtors	**5**	8,925	11,759
Creditors: amounts falling due within one year	**6**	(4,375)	(574)
Net current assets		4,550	11,185
NET ASSETS		9,095	15,730
Represented by			
Capital and reserves			
Called up share capital	**7**	17,000	17,000
Profit and loss account	**8**	(7,905)	(1,270)
SHAREHOLDERS' FUNDS – EQUITY INTERESTS	**9**	9,095	15,730

On behalf of the Board

A P Martin
Director

15 August 2012

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BP WEST PAPUA I LIMITED

NOTES TO THE ACCOUNTS

1. Auditor's remuneration

	2011	2010
	$000	$000
Fees for the audit of the company	7	9

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of BP West Papua I Limited's ultimate parent, BP p l c , are required to disclose non-audit fees on a consolidated basis

2. Taxation

The Company is a member of a group for the purposes of relief within Part 5, Corporation Tax Act 2010 No corporation tax has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of group relief to the extent it is required and to provide for any current or deferred tax that arises without charge

The following table provides a reconciliation of the UK statutory corporation tax rate to the effective current tax rate on loss before taxation

	2011	2010
	$000	$000
Loss before taxation	6,635	1,264
Current taxation		
Effective current tax rate	0%	0%

	2011	2010
	%	%
UK statutory corporation tax rate	26	28
Decrease resulting from		
Tax losses unused / (utilised)	(26)	(28)
Effective current tax rate	-	-

3. Directors and employees

(a) Remuneration of directors

None of the directors received any fees or remuneration for services as a director of the company during the financial year (2010 $Nil)

(b) Employee costs

The company had no employees during the year (2010 Nil)

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4. Intangible assets

	Licenses
	$000
Cost	
At 1 January 2011 & 31 December 2011	4,545
Amortisation	
At 1 January 2011 & 31 December 2011	-
Net book value	
At 31 December 2011 & 31 December 2010	4,545

5. Debtors

	2011	2010
	Within 1 year	Within 1 year
	$000	$000
Amounts owed by group undertakings	8,464	11,181
Prepayments and accrued income	461	578
	8,925	11,759

6. Creditors

	2011	2010
	Within 1 year	Within 1 year
	$000	$000
Amounts owed to group undertakings	27	15
Other creditors	666	-
Accruals and deferred income	3,682	559
	4,375	574

7. Called up share capital

	2011	2010
	$000	$000
Allotted, called up and fully paid		
1 Ordinary share of £1 for a total nominal value of £1	-	-
17,000,001 Ordinary shares of $1 for a total nominal value of $17,000,001	17,000	17,000
	17,000	17,000

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8. Capital and reserves

	Called up share capital	Profit and loss account	Total
	$000	$000	$000
At 1 January 2011	17,000	(1,270)	15,730
Loss for the year	-	(6,635)	(6,635)
At 31 December 2011	17,000	(7,905)	9,095

9. Reconciliation of movements in shareholders' funds

	2011	2010
	$000	$000
Loss for the year	(6,635)	(1,264)
Issue of ordinary share capital	-	17,000
Net (decrease) / increase shareholders' funds	(6,635)	15,736
Shareholders' funds / (deficit) at 1 January	15,730	(6)
Shareholders' funds at 31 December	9,095	15,730

10. Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions entered into with group companies There were no other related party transactions in the year

11. Pensions

The company does not directly employ any staff and therefore does not directly bear any pension charge

12. Immediate and ultimate controlling parent undertaking

The immediate parent undertaking of this company is BP Exploration Operating Company Limited, a company registered in England and Wales The ultimate controlling parent undertaking of the group of undertakings for which group accounts are drawn up, and of which the company is a member, is BP p l c , a company registered in England and Wales Copies of BP p l c 's accounts can be obtained from 1 St James's Square, London, SW1Y 4PD

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