

BP reports profit drop in first quarter

LONDON, May 1 (Xinhua) -- Oil giant BP said Tuesday its profits dropped 18 percent to 5.9 billion U.S. dollars in the first quarter of this year.

BP made 4.9 billion dollars in replacement cost profit, which means profit stripping out the effect of oil and other price movements, as it continued to pay out compensation for damage caused by the Gulf of Mexico disaster two years ago. The amount was 5.6 billion dollars a year ago.

It has so far paid 16.6 billion dollars into a trust fund and expects to meet its target of 20 billion dollars a year earlier than planned, according to the company's first quarter results issued on Tuesday.

In reaction to the results, BP's share price sank 3.38 percent to 429.95 pence on Tuesday morning trading session on London's FTSE 100 index of leading companies, which was 0.22 percent higher at 5,750.28 points.

The company reported oil and gas production, excluding its Russian joint venture TNK-BP, in the first quarter of 2.45 million barrels of oil equivalent a day, declining 6 percent from a year early. TNK-BP production was 1.02 million barrels of oil equivalent a day to BP and in the quarter.

It predicated its production in the second quarter to be lower, affected by the normal seasonal increase in turnaround activity.

BP chief executive Bob Dudley said the results were "good start against its strategic priorities for 2012."

Dudley said that BP had gained "significant new deepwater and U.S. shale exploration acreage" in the first quarter, while five deepwater rigs were at work in the Gulf of Mexico.

"This operational progress will underpin the financial momentum we expect to come through as we move into 2013 and 2014," Dudley noted.

According to the results, BP is shrinking in size after being forced to sell fields after the oil spill in the Gulf of Mexico in 2010.

The blast at the Deepwater Horizon oil rig killed 11 workers and created the worst offshore spill in U.S. history.