

Being the first woman to serve as regional president for BP here in Alaska: exciting!

Being the first long-time Alaskan to become BP's regional president in Alaska: amazing!

Being BP's regional president in Alaska in this new era of reinvestment & growth:
PRICELESS!

With the recent passage of Senate Bill 21, the "More Alaska Production Act," Alaska has taken an important step toward an "energy renaissance" ... a time that will be characterized by billions of dollars in new oil industry investments, thousands of new direct & indirect jobs related to oil & gas development & production, and an Alaskan economy that's strong & sustainable for generations to come ... an era characterized by competitiveness and cooperation.

SB 21 signaled something important to industry: that Alaska wants to be a globally attractive place for investment. This is already having a profound impact on the pace & scale of projects we're pursuing as a company with our co-owners and as an industry on the North Slope. I'm confident these projects will play a substantial role in supporting Alaska's economy for decades.

I never imagined when my husband, Troy, and I arrived here 27 years ago as newlyweds fresh out of college that our path would lead to such an exciting & challenging role during such an extraordinary point in Alaska's history.

I'm both humbled and inspired by the challenge of ensuring BP does our part to build a strong & sustainable future for Alaska now that you've provided us with a more competitive investment climate with the passage of SB 21. I believe our 2,300 employees in Alaska feel the same way.

Today I'd like to talk with you about some of the opportunities BP is actively pursuing on the North Slope now that SB 21 has become law, but first I'd like to briefly introduce myself to most of you & reintroduce myself to the rest.

I'm an engineer by background. I came to Alaska in the mid-'80s when times were tough. I've seen North Slope production climb to more than 2 million barrels a day and decline to half a million barrels a day. I was here to live through single-digit oil prices and to experience prices well over \$100 a barrel. I've seen companies go through mergers & acquisitions. From small independents to some of the largest oil companies in the world, I've seen new entrants to the Slope come, and I've seen some companies go.

I've just celebrated my 28th anniversary with BP & ARCO, and I've spent nearly 20 of those years right here in Alaska ... right where I want to be.

Troy & I raised our two kids mostly in Alaska. They're now 23 and 21. We've filled our hours off work with hockey, figure skating & basketball, as well as rafting, fishing, camping & hiking.

Alaska is stunning. Our family is attracted by its beauty and the spirit of adventure among Alaskans.

For me, Alaska's vastness & sense of adventure apply to the North Slope as well. The extent & quality of the reservoirs are world-class, and the lure of innovation is infectious. Conditions are challenging; innovation & technology are imperative to tap the vast resource potential that's there. That's what makes it great.

Over the years, I've also come to appreciate the state's history. Some of Alaska's greatest strides have come as a result of men & women with a shared vision of what the future could be and the courage & determination to make the tough decisions that were required to achieve their vision ...

Like when a group of Alaskans decided in the 1950s that Alaska should become a state...

And when geologists & engineers at Richfield convinced management to explore for oil in Cook Inlet in the '50s, and when Richfield & Humble Oil decided to drill just one more well on the North Slope in 1968 before giving up, resulting in the discovery of Prudhoe Bay.

And when Anchorage and other towns throughout Southcentral Alaska rebuilt in the wake of the Good Friday Earthquake of '64, and TAPS was constructed in 3 short years in the mid-'70s.

And yes, like when Governor Parnell & the Alaska Legislature worked together, listened to the Alaskan people, put Alaska's future first and passed SB 21 this year.

This is one of those historic moments.

On behalf of BP & our employees, I want to thank the hundreds of you in this room today who worked so hard over the past few years to reach this pivotal moment in Alaska's history. I also want to thank you on behalf of our two kids ... and, when the time comes, their kids. And their kids' kids.

You've helped to give generations of Alaskans a real future right here in Alaska.

Now it's up to us – BP, our partners & the rest of the oil industry – to do our part ...

- To develop new technologies
- To operate safely & efficiently
- To support training & education programs that will ensure a skilled Alaskan work force
- To bring the investments & the new production that will be the cornerstone of Alaska's future.

Now that an improved tax structure is in place, oil and gas projects can once again move forward, keeping Alaska competitive in the midst of America's recent energy renaissance.

This is BP's commitment to Alaska and America.

I'm sure most of you heard BP's recent announcement that we'll be—along with our co-owners at Prudhoe Bay-- increasing our production generating investments by \$1 billion and add two drilling rigs on the North Slope, adding 200 more jobs.

This will bring our operated rig fleet on the North Slope to nine. That's a big increase over the level it was in 2012, of five rigs. It will also significantly increase the number of new wells & sidetracks, resulting in 30-40 additional wells being drilled each year for at least 5 years.

We're just about to go out to bid for these two latest rigs, which we expect to begin drilling in 2015 & 2016.

We've also been increasing well work activity and plan to add more equipment at the end of this year in order to produce more oil from existing wells.

Our initial focus is light oil, which is the bread & butter of our business and the foundation on which more challenging resources like heavy oil and LNG depend. Our light oil business must be healthy in order for the others to proceed.

We also announced that we have partner approval to evaluate an additional \$3 billion of new development projects in the western region of the Greater Prudhoe Bay area that include debottlenecking existing facilities and field infrastructure, expansions of existing well pads & construction of a new one and drilling more than 100 new wells. The new pad would be the first at Prudhoe Bay in more than a decade.

We expect appraisal work to last 2-3 years. Development could last nearly a decade. These projects would create thousands of direct & indirect jobs, access hundreds of millions of barrels of additional oil at Prudhoe, and eventually generate tens of thousands of barrels of new oil production per day.

And these aren't the only projects & prospects gaining momentum since the signing of SB 21.

The Sag River formation overlying the Ivishak reservoir throughout Prudhoe and neighboring fields poses its own unique set of challenges.

Unlike the Ivishak, whose oil column was hundreds of feet thick when oil was discovered at Prudhoe, the Sag averages about 20 feet in thickness. It's also a tight formation that restricts flow to a wellbore.

Over the past couple of years, we've conducted field tests on new techniques to enhance recovery. Thanks to encouraging results from these tests & the improved fiscal

climate, we're moving forward on the first phase of Sag development with a 16-well program scheduled for 2015 & 2016.

Full development of the Sag resource could spawn as many as 200 production and injection wells, two dozen rig-years of drilling, and as much as 200 million barrels of new oil production.

In the longer term, the Northwest Schrader prospect in the Milne Point field, owned 100% by BP, is another potential source of new oil production that was sidelined under ACES. Now we're reworking the economics of Northwest Schrader development under terms of SB 21 as we continue to tackle the formidable technical hurdles it still must overcome before development can proceed.

Full development of Northwest Schrader likely would represent an investment of \$1-2 billion that could include construction of two new well pads with 70 new wells, additional drilling on an existing pad, and significant infrastructure upgrades to increase processing capacity at Milne Point. It potentially would add 80 million barrels of new production.

BP also is working with ConocoPhillips, ExxonMobil, TransCanada and the state to commercialize North Slope natural gas with a Southcentral LNG project.

SB 21 was critical to putting Alaska back into the game for an LNG project, since a healthy oil business is a prerequisite for gas commercialization.

We believe an Alaska LNG project can be globally competitive, and the companies together have just launched summer field work to provide the information needed to evaluate major engineering commitments that will be required in the future.

The state also plays a huge role in making an LNG project commercially viable. The fiscal framework for gas is not addressed in SB 21. That framework will play a critical role in the decision whether to move forward with development.

But, SB 21 signaled something important; it signaled that the State of Alaska can work through issues and find solutions that encourage investment and are good for the future of all Alaskans.

BP is at mid-life in Alaska; ACES, with all of the turmoil & rancor surrounding it, has been our mid-life crisis.

So far, we've produced a little less than half of the oil & gas in our portfolio on the North Slope. The remainder represents a multibillion-barrel resource & a world-class opportunity for BP & for all Alaskans.

I could not be more honored or excited to have this new role to play at this unique moment in Alaska's history as we begin working together again to turn prospects into projects, and potential into new production that will sustain us for decades.

Cost of transforming our shared vision into a reality: tens of billions of dollars.

New revenues to state government for things like schools, public safety, roads & infrastructure: tens of billions more.

Benefits to Alaskans in the form of jobs, a strong & sustainable economy and quality of life for generations to come: PRICELESS.