

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

(Registered No. S.135813)

ANNUAL REPORT AND ACCOUNTS 2000

Board of Directors: M R Bly
I D W Jones
D C Nagel
S. D. Urban

REPORT OF THE DIRECTORS

The directors present their report and accounts for the year ended 31 December 2000.

Principal activity

The company is engaged in the exploration and exploitation of oil and gas in Algeria and in the production of gas from the Hyde field on the UK Continental Shelf. Production from the company's interest in the Hyde field during the year totalled 272,000 bbls of oil equivalent (326,809 bbls in 1999).

It is the intention of the directors that the above business of the company will continue for the foreseeable future.

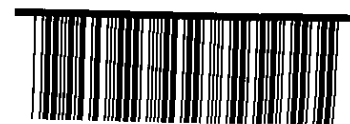
Review of the business

In 2000 BP worked with its partner Sonatrach to move the In Amenas development project forward towards its construction phase. In line with this the partners took the project through FEED and proceeded to initiate a Technical and Contractual bid process with the bid evaluation process due to start in Q1/2001. Also, last year saw the completion of a 5-well test programme and a major seismic acquisition programme for the In Amenas PSC area, designed to prove up the technical reserves for an optimised development case.

Results

The profit for the year after taxation of \$555,000 when deducted from the retained deficit brought forward at 1 January 2000 of \$16,600,000, gives a total retained deficit carried forward at 31 December 2000 of \$13,679,000. The directors do not propose the payment of a final dividend.

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BP AMOCO EXPLORATION (IN AMENAS) LIMITED

REPORT OF THE DIRECTORS

Directors

The present directors are listed above. Messrs M T Heffner, S D Urban and C J Hedley served as directors of the company throughout the financial year. Changes since 1 January 2000 are as follows:

	<u>Appointed</u>	<u>Resigned</u>
A M Jones		30 April 2000
A M Graham	1 April 2000	31 August 2001
C J Hedley		31 August 2001
M T Heffner		31 August 2001
M R Bly	1 September 2001	
D C Nagel	1 September 2001	
I D W Jones	1 January 2002	

Directors' interests

The interests of the directors holding office at 31 December 2000, and their families, in the US \$0.25 ordinary shares of BP p.l.c. (formerly BP Amoco p.l.c.), were as set out below:

	<u>31 December 2000</u>	<u>1 January 2000 or date of appointment</u>
C. J. Hedley	53,496	45,893
M. T. Heffner	18,000	176,676
A. M. Graham	45,318	42,969
S. D. Urban	17,472	17,472

(The holdings above include shares held in the form of American Depositary Shares.)

In addition, rights to subscribe for US \$0.25 ordinary shares in BP p.l.c. were granted to, or exercised by, those directors between 1 January, or date of appointment, and 31 December 2000 as follows:

	<u>Granted</u>	<u>Exercised</u>
C. J. Hedley	Nil	Nil
M. T. Heffner	Nil	Nil
A. M. Graham	677	1,864
S. D. Urban	Nil	Nil

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2000.

Policy and practice with respect to payment of suppliers

It is the company's policy to follow the CBI's prompt payment code of practice for all suppliers to the company. A copy of the code of practice may be obtained from the CBI. The company had no trade creditors at the year-end.

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

REPORT OF THE DIRECTORS

Auditors

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

Ernst & Young LLP will be re-appointed as the Company's auditor in accordance with the elective resolution passed by the Company under section 386 Companies Act 1985.

By order of the Board



R C Cumming, Secretary

Registered Office
Burnside Road
Farburn Industrial Estate
Dyce
Aberdeen, AB21 8PB

29 January 2002

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

REPORT OF THE AUDITORS TO THE MEMBERS OF
BP AMOCO EXPLORATION (IN AMENAS) LIMITED

We have audited the company's financial statements for the year ended 31 December 2000 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 18. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

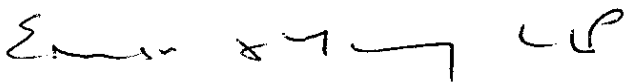
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
London

29 January 2002

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The company has adopted Financial Reporting Standard No 12 'Provisions, Contingent Liabilities and Contingent Assets' with effect from 1 January 1999.

As the ultimate parent undertaking has published a group cash flow statement in compliance with Financial Reporting Standard No. 1 (Revised), a cash flow statement is not presented in these accounts.

Provisions for liabilities and charges

The company has adopted FRS 12 with effect from 1 January 1999. This standard changes the criteria for recognising provisions for such costs as decommissioning, environmental liabilities and restructuring charges. It also requires provisions for liabilities which may not be settled for a number of years to be discounted to their net present value. The adoption of this standard has been treated as a change in accounting policy. Comparative figures have been restated to reflect this change in accounting policy.

The principal effects of the adoption of FRS 12 are as follows:

- a) Provisions for decommissioning are recognised in full, on a discounted basis, at the commencement of oil and natural gas production. The company's prior practice was to accrue the expected cost of decommissioning oil and natural gas production facilities on a unit-of-production basis over the life of the field. FRS 12 also requires the company to capitalise an amount equivalent to the provision as a tangible fixed asset and to amortise this amount over the life of the field on a unit-of-production basis.
- b) The unwinding of the discount, which represents a period-by-period cost, is included within interest expense.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at closing rates of exchange. All exchange gains or losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit/loss for the year.

Exploration expenditure

Exploration expenditure is accounted in accordance with the successful efforts method. Exploration and appraisal drilling expenditure is initially classified as an intangible fixed asset. When proved reserves of oil and gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets. All exploration expenditure determined as unsuccessful is charged against income. Exploration licence acquisition costs are amortised over the estimated period of exploration. Geological and geophysical exploration costs are charged against income as incurred.

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

ACCOUNTING POLICIES

Depreciation

Oil and gas production assets are depreciated using a unit-of-production method based upon estimated proved reserves. Other tangible assets are depreciated on the straight line method over their estimated useful lives.

Provisions for liabilities and charges

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- b) The unwinding of the discount, which represents a period-by-period cost, is included within interest expense.

Interest

Interest is capitalised gross during the period of construction where it relates either to the financing of major projects with long periods of development or to dedicated financing of other projects. All other interest is charged against income.

Deferred taxation

Where required deferred taxation is calculated using the liability method in respect of timing differences arising primarily from the different accounting and tax treatment of both depreciation and corporation tax. Provision is made or recovery anticipated where timing differences are expected to reverse in the foreseeable future.

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> \$000s	<u>1999</u> \$000s
Turnover	1	3,413	2,962
Cost of sales		(1,539)	(1,997)
Gross profit/(loss)		<u>1,874</u>	<u>965</u>
Administration expenses		(1,768)	(2048)
Foreign Exchange Gain/(Loss)		33	648
Operating profit/(loss)	3	<u>139</u>	<u>(435)</u>
Exceptional Items			
Reorganisation/restructuring costs	4	-	(717)
Profit/(loss) on ordinary activities before interest and tax		<u>139</u>	<u>(1,152)</u>
Interest	5	(66)	(49)
Profit/(loss) before taxation		<u>73</u>	<u>(1,201)</u>
Taxation	6	482	(482)
Retained profit/(loss) for the year		<u><u>555</u></u>	<u><u>(1,683)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> \$000s	<u>1999</u> \$000s
Profit/(loss) for the year		555	(1,683)
Prior Year Adjustment - change in accounting policy	2	-	(12)
		<u><u>555</u></u>	<u><u>(1,695)</u></u>

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> \$000s	<u>1999</u> \$000s
Fixed assets			
Tangible assets	8	116,143	77,369
		116,143	77,369
Current assets			
Debtors	9	8,119	3,337
Cash at bank and in hand		18,318	14,106
Stocks		73	-
		26,510	17,443
Creditors - amounts falling due within one year			
Other creditors	10	(148,061)	(82,949)
Net current assets/(liabilities)		(121,551)	(65,506)
TOTAL ASSETS LESS CURRENT LIABILITIES		(5,408)	11,863
Creditors - amounts falling due after more than one year			
Other creditors	10	(6,486)	(26,662)
Provisions	11	(1,785)	(1,801)
EXCESS OF LIABILITIES OVER ASSETS		(13,679)	(16,600)
Represented by			
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	(13,679)	(16,600)
SHAREHOLDERS' FUNDS - EQUITY INTERESTS		(13,679)	(16,600)

S D Urban,
Director



29 January 2002

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, comprises amounts invoiced to third parties, all of which falls within the UK geographic area. Turnover all relates to gas sales from the Hyde field.

2 Prior Year Adjustments

The group has adopted Financial Reporting Standard No. 12 'Provisions, Contingent Liabilities and Contingent Assets' with effect from 1 January 1999

3 Operating Profit/(Loss)

Auditors' remuneration is dealt with in the accounts of the parent undertaking. No fees were paid to the auditors for other services.

4. Exceptional items

	<u>2000</u>	<u>1999</u>
	\$000s	\$000s
Reorganisation/restructuring costs	-	717
Total Exceptional items	-	717
Taxation credit/(charge):	-	-
Exceptional items, net of tax	-	717

The reorganisation/restructuring costs related to fundamental restructuring of the company's operations following the BP Amoco merger. The main items were closing the Uxbridge office and moving to Sunbury, \$509,000, payments to terminate the lease for the Amoco Algiers villa and associated security contract \$156,000 and severance of staff \$52,000.

5. Interest Payable

	<u>2000</u>	<u>1999</u>
	\$000s	\$000s
Unwinding of discount on provisions	66	49

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

NOTES TO THE ACCOUNTS

6 Taxation

	2000	1999
	\$000's	\$000's
UK Corporation Tax @ 30% (1999 30.25%)	(482)	482
(prior period adjustment)		
	<u>(482)</u>	<u>482</u>

United Kingdom Taxation

The company is a member of a group for the purposes of relief under Section 402 of the Income and Corporation Taxes Act 1988. Owing to the availability of group relief, no provision for corporation tax has been made in the accounts of this company. The group's current corporation tax liability has been provided in the accounts of BP Exploration Operating Company Limited, a fellow subsidiary undertaking.

Provision for deferred taxation in respect of the company's ring fence activity has been made in the accounts of BP Exploration Operating Company Limited, a fellow subsidiary undertaking.

The gross potential deferred tax liability of this company in respect of its ring fence activity at 31 December 2000 is \$6,267,292 (1999 \$6,228,183) comprising tax at 30% (1999 30%) on timing differences principally between the accounting and tax treatment of fixed assets. If provision for deferred taxation had been made in the accounts on the basis of the gross potential liability there would have been a charge for the year of \$39,509 (1999 credit \$248,077).

No corporation tax liability arises in respect of the company's activities outside the ring fence.

Provision for deferred taxation in respect of the company's activity outside the ring fence has been made in the accounts of BP International Limited, a fellow subsidiary undertaking.

The gross potential deferred tax liability of this company in respect of its activity outside the ring fence at 31 December 2000 is \$8,224,163 (1999 \$2,881,512) comprising tax at 30% (1999 30%) on timing differences principally between the accounting and tax treatment of fixed assets. If provision for deferred taxation had been made in the accounts on the basis of the gross potential liability there would have been a charge for the year of \$5,342,650 (1999 charge \$2,881,512).

7 Directors and employees

None of the directors received any fees or remuneration from the company during the financial year (1999 \$ Nil).

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

NOTES TO THE ACCOUNTS

8 Tangible assets

	\$000s
Cost	
Brought forward 1 st January 2000	80,413
Transfers	12,869
Additions	39,171
Carry forward 31 st December 2000	132,453
Depreciation	
Brought forward 1 st January 2000	3,044
Transfers	12,370
Charge for the year	896
Carry forward 31 st December 2000	16,310
Net Book Value	
Carry forward 31 st December 2000	116,143

9 Debtors

	<u>2000</u>		<u>1999</u>	
	<u>Within</u>	<u>After</u>	<u>Within</u>	<u>After</u>
	<u>1 year</u>	<u>1 year</u>	<u>1 year</u>	<u>1 year</u>
	\$000s	\$000s	\$000s	\$000s
Parent and fellow subsidiary undertakings	2,846	-	2,077	-
Prepayments and accrued income	7	-	354	-
Other	5,266	-	906	-
	<u>8,119</u>	<u>-</u>	<u>3,337</u>	<u>-</u>

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

NOTES TO THE ACCOUNTS

10. Creditors

	<u>2000</u>		<u>1999</u>	
	<u>Within</u>	<u>After</u>	<u>Within</u>	<u>After</u>
	<u>1 year</u>	<u>1 year</u>	<u>1 year</u>	<u>1 year</u>
	<u>\$000s</u>	<u>\$000s</u>	<u>\$000s</u>	<u>\$000s</u>
Parent and fellow subsidiary undertakings	(132,977)	(6,486)	(71,857)	(26,662)
Accruals and Deferred income	(15,084)	-	(11,092)	-
	<u>(148,061)</u>	<u>(6,486)</u>	<u>(82,949)</u>	<u>(26,662)</u>

11. Provisions for liabilities and charges

The balance relates to the decommissioning of the Hyde field.

	<u>2000</u>	<u>1999</u>	
	<u>\$000s</u>	<u>Restated</u>	<u>Pre-FRS12</u>
		<u>\$000s</u>	<u>\$000s</u>
Decommissioning			
At January 1	(1,801)	(1,659)	(987)
Charged to income	-		(66)
New provisions	-	(145)	-
Unwinding of discount	-	(49)	-
Exchange adjustments	16	52	8
	<u>(1,785)</u>	<u>(1,801)</u>	<u>(1,045)</u>

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

NOTES TO THE ACCOUNTS

12. Called up share capital

	2000	1999
	£	£
Authorised share capital:		
100 ordinary shares of £1 each	100	100
	\$	\$
Issued and fully paid:		
2 ordinary shares of £1 each (translated at the	4	4
31 December 1991 exchange rate of \$1.87/£1)		

13. Reconciliation of shareholders' funds and movements on reserves

	<u>Equity</u> <u>share</u> <u>capital</u>	<u>Profit &</u> <u>loss</u> <u>account</u>	<u>Total</u>
	\$000s	\$000s	\$000s
At 1 January 1999	-	(14,905)	(17,285)
Profit/(loss) for the financial year		(1,683)	(1,683)
Prior year adjustment, change in accounting policy	-	(12)	(12)
Restated at 1 January 2000	-	(16,600)	(16,600)
Profit for the financial year	-	555	555
Exchange gain	-	2,366	2,366
At 31 December 2000	-	(13,679)	(13,679)

BP AMOCO EXPLORATION (IN AMENAS) LIMITED

NOTES TO THE ACCOUNTS

14. Capital commitments

Authorised and contracted future capital expenditure is estimated at \$2,000,000 (1999 \$1,650,000).

15. Contingent liabilities

There were contingent liabilities at 31 December 2000 in respect of guarantees and indemnities entered into as part of, and claims arising from, the ordinary course of the company's business, upon which no material losses are likely to arise.

16. Related party transactions

The company has taken advantage of the exemption contained within FRS 8, and has not disclosed transactions with group companies.

17. Pensions

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

18. Ultimate parent undertaking

The ultimate 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 (formerly BP Amoco p.l.c.) a company registered in England and Wales. Copies of BP p.l.c.'s accounts can be obtained from Britannic House, 1 Finsbury Circus, London EC2M 8BA.