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Dear Ms Murphy

File Number S7-42-10

We are pleased to have an opportunity to comment on the proposed amendments to your rules pursuant to Section 1504 of the Wall Street Reform and Consumer Protection Act (Section 1504) relating to the disclosure of payments by resource extraction issuers.

BP fully supports the goal of improving revenue transparency in resource-rich countries. BP also recognizes the importance of the objectives of civil society transparency initiatives.

As one of the original board members of the Extractive Industries Transparency Initiative (EITI), we fully support the efforts of EITI. We believe that the comprehensive, multi-stakeholder approach of EITI, which matches reports of payments made by all Extractive Industry companies in a particular country with Government figures on the payments that it has received, is the best approach for the Extractive Industries.

We see the EITI process as a catalyst encouraging all of us – governments, companies and civil society - to continue to work in collaboration so that the initiative can reach its potential and the benefits of oil and gas revenues are felt by all.

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We are pleased to see that the SEC intends to use the EITI Source Book to determine the types of payment that should be disclosed. The EITI disclosure model was developed through a collaborative approach involving multiple stakeholders. It would therefore be most helpful to issuers if mandatory regulations on disclosures mirrored the EITI disclosure model to the largest possible extent.

The comments contained in this letter cover each of the separate themes contained in the proposing rules. However, we would like to draw attention to two areas that are of particular concern:

Project Definition

We strongly believe that the payment disclosure should be permitted at the country level to ensure *inter alia*

- Alignment with EITI methodologies,
- Simplicity and clarity of the information for the target audience, and
- Consistency of interpretation and disclosure across the extractive industry.

If the SEC is unable to approve country level aggregation, then very careful consideration should be given to avoid the unintended consequences that would arise if the term 'project' is defined too narrowly. The lifecycle of the extractive industry sector involves many activities that are identified as 'projects', although there is no universal definition of the term that can be relied on which delivers consistent and sustainable outcomes. A narrow definition of the term 'project' combined with an arbitrary allocation method for taxes that are actually paid at a legal entity level could result in project level disclosures that users may find hard to understand. This could arise, for example, due to the existence of refunds from governments or credits arising as a result of the offset of profits and losses between projects.

The EITI approach recognised these factors in arriving at the 'country level' of disclosure, concluding that project level disclosure was as unworkable as it is unnecessary. We therefore ask the SEC to also consider these factors, and the usefulness of the information that would be disclosed, in its consideration of the definition of the term 'project'. If the SEC is unable to approve country level aggregation then we would support defining 'project' as commercial activity carried out in a particular geological basin or province.

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Relationships with Host Governments

In our comments below we explain our concerns with disclosing information for the countries where there are legal or contractual obstacles to disclosure. However, we also have concerns beyond the situations where there are legal and contractual issues. In many other countries, it will be necessary for local operating companies to either inform host governments before disclosures are made or ask for their approval. In developing its rules we request that the SEC consider the legal, contractual and relationship sensitivities with host governments. We also request that the SEC work closely with appropriate US departments and agencies to assist in informing and explaining to all foreign governments impacted by these regulations of the intent and wider implications of these disclosure requirements. We believe such diplomatic efforts are essential to ensure effective implementation of the regulations and will serve to greatly minimise the potential for discord when they come into effect.

We have considered your detailed questions but rather than answering each of them individually we believe it would be more appropriate to provide our suggestions in relation to all aspects of your proposal and explain the merits of our views in this letter. We hope you will find this format equally useful.

The disclosures suggested by Section 1504 are complex and far-reaching, however we support the ambition of what they are trying to achieve. Therefore, our response is focused on proposing the disclosure model which we believe would achieve the overarching revenue transparency objectives, whilst also being practical to implement and meaningful to users of the information. In this context, the following are our suggestions in relation to each aspect of your proposal.

Definition of "Resource Extraction Issuer"

We believe that Section 1504 should apply to all SEC registrants who are engaged in the extraction of oil and gas or minerals, irrespective of the size of the issuer, or whether the issuer is a US or foreign entity. This would be consistent with the EITI approach, and also with the positions that are likely to be taken by other regulators. However, rules similar to those envisioned by Section 1504 are being considered by the regulators across the world. We believe that it would place an undue burden on foreign issuers, and, possibly, on certain US issuers which have to comply with other countries' regulations, to comply with disclosure requirements issued by the SEC and other regulators such as those currently being considered

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by the European Union. These disclosures, whilst similar in their intent, might differ in detail (such as definitions of types of payments). We therefore request that the SEC rules on Section 1504 include a foreign issuer exemption that would apply where the regulator for an issuer's primary country of registration introduces broadly similar transparency regulations that are based on the EITI disclosure model.

We also encourage the SEC to discuss this matter with other regulators with the goal of agreeing a consistent approach to be adopted by regulators across the globe. This would have a number of benefits for regulators, civil society, investors and issuers:

- A standard approach to reporting will provide users of the information with a definitive version of payment data and avoid the confusion that would be created if the disclosure rules adopted by regulators were different

- The reporting burden for multinational companies, which are often listed and operating in several countries, would be minimised by having to adhere to only one set of rules rather than having to provide multiple sets of data

- The broadest possible base of extractive industry companies that are required to report their payments to governments will help deliver more of the benefits envisaged by revenue transparency initiatives

- This would go some way towards establishing a level playing field so that the competitive position of extractive industry companies is not impacted by their payment disclosure obligations.

Definition of "Commercial Development of Oil, Natural Gas, or Minerals"

It is our understanding that the Commission proposes including only upstream and excluding downstream/midstream operations. We agree with this proposal. In order to achieve consistency of information presented in the financial statements, and also to facilitate implementation of the new rules, we believe that for an oil and gas company the new rules should be applied to upstream operations as defined by the SEC Rule 4-10 of Regulation S-X and ASC 932-10-15-2.

This definition (reproduced below) is well understood by the industry and appears to capture the types of operations that Section 1504 envisages. Using a consistent definition would also allow information presented by companies to be reconcilable and ensure that no extra 'dimensions' of reporting need to be introduced.

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An equivalent definition would be necessary for the minerals sector. The adoption of an existing definition which is already used for other purposes, and which we believe captures the operations envisioned by the legislators, would avoid the need to develop a list of excluded activities.

"Oil and gas producing activities include the following:

a. The search for crude oil, including condensate and natural gas liquids, or natural gas in their natural states and original locations

b. The acquisition of property rights or properties for the purpose of further exploration or for the purpose of removing the oil or gas from such properties

c. The construction, drilling, and production activities necessary to retrieve oil and gas from their natural reservoirs, including the acquisition, construction, installation, and maintenance of field gathering and storage systems, such as:

1. Lifting the oil and gas to the surface

2. Gathering, treating, and field processing (as in the case of processing gas to extract liquid hydrocarbons).

d. Extraction of saleable hydrocarbons, in the solid, liquid, or gaseous state, from oil sands, shale, coalbeds, or other non-renewable natural resources that are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction."

We suggest, however, that the rules acknowledge that there are certain situations when taxes are levied on integrated sets of activities in a country (such as an exploration and production PSA and an LNG terminal). In those instances, we believe SEC should allow the totality of the payment to be provided with disclosures of what is included in addition to 'pure' upstream provided. This will avoid arbitrary allocation of the payments between those that are required to be disclosed and those to be excluded.

Definition of "Payment"

Nature of payments to be disclosed

We believe that in order to ensure consistency of presentation and to facilitate the interpretation of the rules there should be some limited guidance on the broad types of payments made by issuers that should be disclosed. These types should be derived and linked into the types of benefit streams outlined in the EITI Source Book.

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Payments to State Owned Companies and Production Entitlements

In relation to the identification of payment types, Section 1504 differs from EITI in that the former is focused on payments made by issuers whereas the latter focuses on both payments made by extractive industry companies and amounts received by governments. This distinction is important in the area of production entitlements.

Production entitlements of governments or state owned companies in relation to their equity interests in an oil and gas property would be reportable under the EITI definition, but would not represent a payment by an issuer. The participation of a government or a state owned company in a property results in the entitlement passing directly to that party.

We further believe that the inclusion of the term 'company owned by a foreign government' within the definition of 'foreign government' implies that this term should be applied where such a company performs a quasi-governmental function, and receives payments or production entitlements in that capacity. On that basis we believe that payments made in respect of bona fide commercial transactions should be excluded, and that any reporting of production entitlements should be limited to the production shared with governments, or state owned companies, under production sharing arrangements where the receipt of this entitlement is an element of the government's take from its natural resources.

In our opinion this reporting obligation should apply to the Operator of the licence, should be provided on a barrel of oil equivalent basis and should only apply where the Operator is in possession of information on those entitlements. In many instances companies calculate and receive their own share of production with the rest of production being lifted and sold by others.

The "Not De Minimis" Requirement

The term "not de minimis" is not widely used in financial reporting; we believe companies will have difficulties interpreting it. On the other hand, materiality is a concept which is well understood.

Disclosing only material payments would be the most appropriate approach from the point of view of financial reporting and fulfilling the needs of investors. However, we accept that other users have an interest in payment information that would be below the materiality levels ordinarily adopted by extractive industry issuers.

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Whichever term is used, such a term should be defined with reference to the context within which it is used. In this situation, the relevant context is the multi-billion dollar scale of the industry, the value of the information to users and the revenue transparency and anti-corruption objectives of the legislators.

We believe that the primary objective of Section 1504 is one of revenue transparency. In our view, the threshold should be set in a way that ensures that the information disclosed is useful for this purpose.

If the term 'not de minimis' is to have a meaning other than 'material' then we suggest that the rule should include a monetary threshold. It would not be possible to suggest the level of that threshold until more information was available on the definition of the term 'project' as the level at which payments need to be reported will influence our view on this threshold. However, such an approach would appear appropriate as it will create a common threshold for all issuers irrespective of their size, reduce the reporting burden on companies, avoid over-reporting of payments that are de minimis in the industry context and which may be of limited interest to users, whilst ensuring an appropriate threshold for disclosures to meet the revenue transparency objective.

The "Project" Requirement

We agree with the Commission that the term project is used by different companies with different meanings and is even used differently depending on the context within the same company. Therefore the absence of a definition would create inconsistencies in disclosures. At the same time, we acknowledge the difficulties in defining this term. Also, a number of taxes, for example corporate income taxes, are paid in total for a legal entity or even a number of legal entities. Apportioning these payments to specific projects would be highly judgemental, arbitrary and potentially confusing to the target audience.

Bearing these limitations in mind, we considered what the most appropriate level of disclosures would be in order for the objectives of the users of this information to be met. In principle, we believe that it would be both practicable and sufficiently useful to provide the information at a country-by-country level and therefore urge the SEC to adopt rules that permit issuers to treat operations in a country as a 'project'. This would also ensure consistency with the EITI which only seeks disclosure of payment data at a country level. However, if the SEC concludes that the statute does not give it scope to permit country by country reporting we favour the alternative definition of the term 'project', in the context of the proposed rules, as commercial activities carried out within a particular geologic basin or province.

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Payment by "a Subsidiary... or an Entity under the Control of the Resource Extraction Issuer"

We believe that the SEC should not include a definition of control but instead should refer to the terms used in the accounting standards. We believe disclosures should be provided for those entities which are fully consolidated and also for those which under IFRS are accounted for as Jointly Controlled Assets (i.e. unincorporated oil and gas joint ventures which are under US GAAP are proportionately consolidated). Entities which are consolidated are those where companies exercise control. In Jointly Controlled Assets (JCA), companies exercise joint control, however, investors have direct interest in the underlying assets and liabilities and as such the financial statements presentation of these joint ventures is similar to consolidating an interest in assets, liabilities, income and expenses. There is no differentiation in companies' income statements and balance sheets of the items related to fully consolidated subsidiaries and JCAs.

Presenting information for subsidiaries and JCAs will both provide a full picture of the issuer's payments to the governments and allow the data to be reconcilable to the main financial statements.

No further information should be included; more specifically we do not believe that companies should be required to provide the information in relation to the payments made by equity accounted entities. This information should be captured and disclosed in the stand alone financial statements of those equity accounted entities. This will ensure completeness of presentation and will avoid reporting of the same amounts by different entities and thus 'double counting'.

Other Matters

While we support revenue transparency and the effective disclosure of payments to governments as described above, we strongly believe that companies should not be put in a position where, in order to comply with their obligations under US security laws, they would violate local laws or will be in breach of the agreements which they signed. Furthermore, we do not believe it would be in the interests of either the resource rich countries or investors if entities listed in the US, or in any other country that introduced similar reporting requirements, were competitively disadvantaged when licences were granted, if their relationships with the governments were damaged, or if the activities of employees in those jurisdictions were potentially criminalised. Therefore, we believe that the rules should allow for exceptions to the requirement to disclose payments made to foreign governments in circumstances where disclosure is prohibited under the laws of host countries or where there are non disclosure clauses in existing agreements.

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Definition of "Foreign Government"

As noted in our comments on the definition of 'Resource Extraction Issuer' we believe that a globally consistent reporting standard is in the best interests of regulators, civil society, investors and issuers. On that basis, we support definitions that lead to a consistent approach to reporting for all countries. Consequently this leads to a choice between defining 'government' at the national level or, alternatively, to include the sub-national level, in all countries.

As a supporter of revenue transparency, and recognising that material payments are made at the sub-national level in many countries, we favour the latter approach. Application of the EITI principles would lead to the disclosure of payments to sub-national governments in all countries, including the United States. However, as Section 1504 explicitly refers only to the US Federal Government, we acknowledge that the SEC could not define this term in a manner that would be consistent with the EITI principles by including state or other levels of sub national government in the United States.

Disclosure Required and Form of Disclosure

Annual Report Requirement

Auditors have significant responsibilities in relation to the information in Form 20-F which is not subject to audit. If the information to be disclosed under the revised rules forms part of the Form 20-F, even if unaudited, the burden and the costs to be incurred by the issuers would be very significant. Furthermore, we believe that the users of this information do not require this data to be provided as quickly as investors require for current 10-K, 20-F or 40-F filings.

Therefore, in summary, we believe that this information should be furnished outside the Form 20-F in a separate report furnished to the SEC, should be unaudited and should be provided no later than 150 days after the end of the reporting period.

We agree with the Commission that the information should be furnished rather than filed with the SEC, should not be subject to liability under Section 18 of the Securities Exchange Act of 1934 and should not be incorporated by reference to any filing under the Securities Act of 1933 or the Exchange Act unless the issuer specifically incorporates it by reference.

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Exhibits and Interactive Data Format Requirements

In our opinion, it would be most helpful to issuers and essential to any users of this information for the submission to take the form of a simple template. Assuming that the XBRL format will be used for the submissions, the standard US GAAP and IFRS taxonomies should be extended, or a new dedicated taxonomy should be created, in order to standardise the submission from the outset. A submission in interactive data form has little value to a user of information unless its format is prescribed and standardised via the taxonomy, in a similar way to the detailed interactive data tagging of financial notes to Form 20-F.

We also believe that the collection and presentation of this information is greatly facilitated if all data is presented only in an issuer's reporting currency with translation from transactional currency being consistent with the accounting policies of the issuer. Such an approach would permit the use of existing consolidation systems whereas reporting in local currency may require the development of additional reporting processes and systems which would significantly increase the cost of implementation.

Using similar processes adopted for other XBRL-format data sets, users will be able to analyse, compare or aggregate data relating to payments to governments from several different registrants, even if some of these have different reporting currencies.

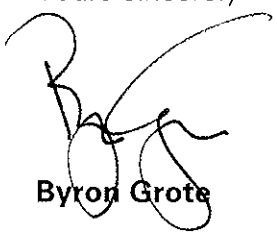
We agree that the rule should not require that payment information be provided on an audited basis.

Concluding Remarks

We reviewed your estimates of the implementation and annual compliance costs. We would like to note that we believe that both the time and resources (and consequentially the costs) which will be required to implement and then continue to comply with the disclosure requirements as outlined in our proposal would significantly exceed your estimates. For the reasons cited above, the cost will grow exponentially if the information would be required to be provided on an individual project level (rather than country-by-country) and as part of the Form 20-F (rather than as a separate report).

We would be happy to discuss any aspects of this letter with you and to answer any questions that may arise.

Yours sincerely



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