

BP VENEZUELA LIMITED
(Registered No.1567959)

ANNUAL REPORT AND ACCOUNTS 2000

Board of Directors: W E Armstrong
J H Bartlett
R D Morris
R L Morrison
J C Skipper

REPORT OF THE DIRECTORS

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

Principal activity

On November 27, 2000 the company acquired from ARCO Venezuela Exploration & Production a 36% interest in the LL-652 operating services agreement and commenced operations to explore and develop production operations in those areas.

Results and dividends

The loss for the year after taxation of \$2,868,000 when subtracted from the retained earnings brought forward at 1 January 2000 of \$1,339,000 gives a total retained deficit carried forward at 31 December 2000 of \$1,529,000. The directors do not propose a payment of a dividend (1999 - Nil).

Directors

The present directors are listed above.

Changes since 1 January 2000 as follows.

	<u>Appointed</u>	<u>Resigned</u>
B C Richardson		31 December 2000
D P Chapman		31 August 2001
F W M Starkie		31 August 2001
W E Armstrong	1 September 2001	
J H Bartlett	1 September 2001	
R D Morris	1 September 2001	
R L Morrison	1 September 2001	
J C Skipper	1 September 2001	



BP VENEZUELA LIMITED
REPORT OF THE DIRECTORS

Directors' interests

The interests of the directors holding office at 31 December 2000, and their families, in the 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</u>
D P Chapman	142,622	109,451
F W M Starkie	84,025	69,994

In addition, rights to subscribe for Ordinary Shares in BP p.l.c. were granted to, or exercised by, those directors between 1 January and 31 December 2000 as follows:

	<u>Granted</u>	<u>Exercised</u>
D P Chapman	Nil	Nil
F W M Starkie	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 number of days purchases represented by trade creditors at the year-end was 176.

Auditors

On 28 June 2001, Ernst & Young 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
Breakspear Park
Breakspear Way
Hemel Hempstead
Herts HP2 4UL

18 January 2002

BP VENEZUELA 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 Group to, adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

BP VENEZUELA LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF
BP VENEZUELA LIMITED

We have audited the accounts for the year ended 31 December 2001 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 13. These accounts have been prepared on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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.

Eust & Young *200*

Registered Auditor
London.

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18 January 2002

BP VENEZUELA LIMITED

ACCOUNTING POLICIES

Accounting convention

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

Group accounts

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.

Foreign currencies

Transactions in currencies other than sterling are recorded at the rate ruling at the date of the transaction. Assets and liabilities in currencies other than United States dollars are translated into dollars at closing rates of exchange. All exchange gains and 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.

Depreciation

Tangible fixed assets are depreciated on the unit of production basis.

Exploration Expenditure

Exploration expenditure is accounted for in accordance with the successful efforts method. Exploration and appraisal 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 leasehold acquisition costs are amortised over the estimated period of exploration. Geological and geophysical exploration costs are charged against income as incurred

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> US\$'000	<u>1999</u> US\$'000
Turnover	1	3,708	-
Cost of sales		(6,576)	-
Gross loss		<u>(2,868)</u>	<u>-</u>
Loss on ordinary activities before taxation	2	(2,868)	-
Taxation	3	-	-
(Loss)/profit for the year	9	<u>(2,868)</u>	<u>1,339</u>

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

There are no recognised gains or losses attributable to the shareholders of the company for the year ended 31 December 2000 other than the loss of the year of \$2,868,000 (1999 profit of \$1,339,000).

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BP VENEZUELA LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> <u>\$000</u>	<u>1999</u> <u>\$000</u>
Fixed assets			
Tangible assets	5	313,996	-
		<hr/>	<hr/>
		313,996	-
Current assets			
Cash in bank		4,473	-
Debtors - within one year	6	32,602	9,519
		<hr/>	<hr/>
		37,075	9,519
Creditors - amounts falling due within one year	7	(352,600)	(8,180)
		<hr/>	<hr/>
Net current (liabilities)/assets		(315,525)	1,339
		<hr/>	<hr/>
SHAREHOLDER INTEREST		(1,529)	1,339
		<hr/>	<hr/>
Represented by			
Capital and reserves			
Called up share capital	8	-	-
Retained (loss)/profit		(1,529)	1,339
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS - EQUITY INTERESTS	9	(1,529)	1,339
		<hr/>	<hr/>

J C Skipper,

Director

18 January 2002



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BP VENEZUELA LIMITED

NOTES TO THE ACCOUNTS

1. Turnover

Turnover, which is stated net of value added tax, customs duties and sales taxes comprises amounts invoiced to third parties, all of which falls within the rest of the world geographic area.

Turnover is attributable to one continuing activity, the sale of petroleum products.

2. Operating loss

This is stated after charging:

	<u>2000</u> <u>\$000</u>	<u>1999</u> <u>\$000</u>
Depreciation of owned fixed assets	5,095	-
	<hr/> 5,095 <hr/>	<hr/> - <hr/>

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

3. 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. No corporation tax liability arises (1999:Nil).

Provision for deferred taxation has been made in the accounts of BP International Limited, a fellow subsidiary undertaking having regard to the group deferred taxation position

The gross potential liability of this company for deferred taxation at 31 December 2000 of \$22,506,675 (1999: \$Nil) comprises tax at 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 £22,506,675 (1999:\$Nil).

4. Directors and employees

None of the directors received any fees or remuneration for services as a director of the company during the financial year (1999 \$Nil).

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NOTES TO THE ACCOUNTS

5. Tangible assets

	<u>\$000</u>
Cost	
At 1 January 2000	-
Additions	319,091
	<hr/>
At 31 December 2000	319,091
	<hr/>
Depreciation	
At 1 January 2000	-
Additions	(5,095)
	<hr/>
At 31 December 2000	(5,095)
	<hr/>
Net book amount	
At 31 December 2000	313,996
	<hr/>
At 31 December 1999	-
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BP VENEZUELA LIMITED

NOTES TO THE ACCOUNTS

6. Debtors - amounts falling due within one year

	<u>2000</u> <u>\$000</u>	<u>1999</u> <u>\$000</u>
Trade	11,879	-
Parent and fellow subsidiary undertakings	2,288	9,106
Other	18,435	413
	<u>32,602</u>	<u>9,519</u>

7. Creditors - amounts falling due within one year

	<u>2000</u> <u>\$000</u>	<u>1999</u> <u>\$000</u>
Trade	3,239	-
Parent and fellow subsidiary undertakings	330,290	8,032
Accruals and deferred income	19,071	148
Other	-	-
	<u>352,600</u>	<u>8,180</u>

8. Called up share capital

	<u>2000</u>	<u>1999</u>
Authorised share capital:		
Ordinary shares of £1 each	100	100
	<u>\$000</u>	<u>\$000</u>
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	-	-
	<u></u>	<u></u>

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BP VENEZUELA LIMITED
NOTES TO THE ACCOUNTS

9. Reconciliation of shareholders' funds and movements on reserves

	<u>Equity</u> <u>Share</u> <u>capital</u> <u>\$000</u>	<u>Profit&loss</u> <u>account</u> <u>\$000</u>	<u>Total</u> <u>\$000</u>
At 1 January 1999	-	(2,875)	(2,875)
Profit for the year	=	4,214	4,214
At 1 January 2000	-	1,339	1,339
Profit for the year	=	(2,868)	(2,868)
At 31 December 2000	-	(1,529)	(1,529)

10. Related party transactions

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

11. Pensions

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

12. 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 7BA.

13. Post balance sheet event

On 1 June 2001 the authorised share capital of the Company was increased from £100 to £50,000,100 by the creation of 50,000,000 Cumulative Redeemable Preference Shares of £1 each, having the rights and obligations set out in clause 3.B of the Company's Articles of Association.

Also on 1 June 2001, 37,000,000 of these newly created shares were issued at par to the Company's parent undertaking in order to finance the acquisition of a Licence interest in Venezuela.

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