

Company Registration No. 3947697 (England and Wales)

EXPLORATION SERVICE COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



EXPLORATION SERVICE COMPANY LIMITED

COMPANY INFORMATION

Directors	J G Nemeth F W M Starkie	(Appointed 1 February 2003)
Secretary	R J Weedon	
Company number	3947697	
Registered office	Breakspear Park Breakspear Way Hemel Hempstead Herts HP2 4UL	
Auditors	Ernst & Young LLP	

EXPLORATION SERVICE COMPANY LIMITED

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EXPLORATION SERVICE COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and accounts for the year ended 31 December 2002.

Principal activities and review of the business

The company holds the BP Group investment in the Atlas Methanol Company Unlimited.

The company has had a satisfactory year and the directors believe that the trend will continue.

Results and dividends

The results for the year are set out on page 4.

The loss for the year after taxation was \$1,390,000 which when added to the retained deficit brought forward at 1 January 2002 of \$319,000 gives a total retained deficit carried forward at 31 December 2002 of \$1,709,000. The directors do not propose payment of a final dividend.

Directors

The present directors are listed on the Company Information page. Mr D P Chapman and Mr F W M Starkie served as directors throughout the year. Changes since 1 January 2002 are as follows:

D P Chapman	(Resigned 1 February 2003)
J G Nemeth	(Appointed 1 February 2003)

Directors' interests

The interests of the directors holding office at 31 December 2002, and their families, in the US \$0.25 ordinary shares of BP p.l.c., were as set out below:

	31 December 2002	1 January 2002
D P Chapman	148,293	143,473
F W M Starkie	125,029	101,848

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 2002 and 31 December 2002 as follows:

	Granted	Exercised
D P Chapman	119,000	3,580
F W M Starkie	62,661	5,968

No director had any interest in the shares or debentures of subsidiary undertakings of BP p.l.c. at 31 December 2002.

Policy and practice in respect of payment to 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.

There were no trade creditors at the year-end.

Auditors

Ernst & Young LLP will continue in office as the company's auditor in accordance with the elective resolution passed by the company under Section 386 of the Companies Act 1985.

EXPLORATION SERVICE COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

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 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.

By order of the board

Rebecca Weedon

Secretary

17 October 2003

EXPLORATION SERVICE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXPLORATION SERVICE COMPANY LIMITED

We have audited the accounts for the year ended 31 December 2002 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 therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities, 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 accounts, 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

London

Registered Auditor

17 October 2003

EXPLORATION SERVICE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 \$000s	2001 \$000s
Administrative expenses		(611)	(319)
Operating loss	2	(611)	(319)
Interest payable and similar charges	3	(779)	-
Loss on ordinary activities before taxation		(1,390)	(319)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation		(1,390)	(319)

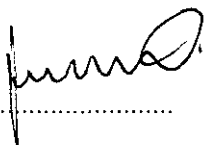
Statement of Total Recognised Gains and Losses for the year ended 31 December 2002

There are no recognised gains and losses attributable to the shareholders of the company other than the loss of \$1,390,000 for the year ended 31 December 2002 (2001 loss \$319,258).

EXPLORATION SERVICE COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2002

		2002	2001
	Notes	\$000s	\$000s
Fixed assets			
Investments	5	38,461	11,324
Current assets			
Debtors	6	-	21,030
Creditors: amounts falling due within one year	7	(40,170)	(32,673)
Net current liabilities		(40,170)	(11,643)
Total assets less current liabilities		(1,709)	(319)
Capital and reserves			
Called up share capital		-	-
Profit and loss account		(1,709)	(319)
Shareholders' funds - equity interests	10	(1,709)	(319)



Director

17 October 2003

EXPLORATION SERVICE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention. Accounts prepared on this basis show the profits available to shareholders and are the most appropriate basis for presentation of the company's balance sheet.

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.

1.2 Compliance with accounting standards

These accounts are prepared in accordance with applicable UK accounting standards. In preparing the financial statements for the current year, the company has adopted Financial Reporting Standard No. 19 'Deferred Tax' (FRS 19). The adoption of FRS 19 has not resulted in a change in accounting policy for deferred tax. See note 4 - Taxation.

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 Group accounts

Group accounts are not submitted as the company is exempt from the obligation to prepare group accounts under Section 228(1) of the Companies Act 1985. The results of subsidiary and associated undertakings are dealt with in the consolidated accounts of the ultimate parent undertaking, BP p.l.c., a company registered in England and Wales.

2 Operating loss

Auditors' remuneration is dealt with in the accounts for the parent undertaking.

3 Interest payable

	2002 \$000s	2001 \$000s
Interest payable to fellow subsidiary undertaking	779	-

4 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 has been provided because another group company, BP International Limited, has undertaken to procure the claim or surrender of free group relief to the extent it is required and to provide for any current or deferred tax that arises.

	2002 %	2001 %
UK statutory corporation tax rate:	30	30
Increase/(decrease) resulting from:		
Timing differences	-	-
Permanent differences	-	-
Group relief	(30)	(30)
Effective current tax rate	-	-

EXPLORATION SERVICE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

5 Fixed asset investments

	Shares in participating interests \$000s
Cost	
At 1 January 2002	11,324
Additions	27,137
At 31 December 2002	<u>38,461</u>

The investment in associated undertakings is unlisted.

In the opinion of the directors, the value of shares in the company's associated undertaking is not less than the amounts at which they are shown in the balance sheet.

The associated undertaking of the company at 31 December 2002 and the percentage of equity held are set out below. The principal country of operation is generally indicated by the company's country of incorporation or by its name.

Company	Country of registration or incorporation	Shares held %	Principal activity
Participating Interests			
Atlas Methanol Co Unlimited	Trinidad & Tobago	37	Gas production

6 Debtors	2002 \$000s	2001 \$000s
Other debtors	-	21,030

The other debtor in 2001 relates to amounts receivable from The Atlas Methanol Company Unlimited. The company repaid the debt in December of 2002.

7 Creditors: amounts falling due within one year	2002 \$000s	2001 \$000s
Parent and fellow subsidiary undertakings	39,682	32,673
Accruals and deferred income	488	-
	<u>40,170</u>	<u>32,673</u>

EXPLORATION SERVICE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2002

8 Pension costs

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

9 Share capital	2002 £	2001 £
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid	\$	\$
1 Ordinary share of £1 each	1	1
	<u> </u>	<u> </u>

10 Reconciliation of movements in shareholders' funds

	<u>Equity share capital</u> \$000s	<u>Profit and Loss account</u> \$000s	<u>Total</u> \$000s
Balance at 1 January 2001	-	-	-
(Loss) for the year	-	(319)	(319)
	<u> </u>	<u> </u>	<u> </u>
Balance at 1 January 2002	-	(319)	(319)
(Loss) for the year	-	(1,390)	(1,390)
	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2002	-	(1,709)	(1,709)
	<u> </u>	<u> </u>	<u> </u>

11 Directors and employees

Remuneration of directors

None of the directors received any fee or remuneration for services as a director of the company during the financial period (2001 \$NIL). The company has no employees

12 Related party transactions

The company has taken advantage of the exemption contained within Financial Reporting Standard No 8 "Related Party Disclosures", and has not disclosed transactions with group companies.

13 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., a company registered in England and Wales. Copies of BP p.l.c.'s accounts can be obtained from 1 St James's Square, London, SW1Y 4PD.