Ms Florence Harmon
Acting Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090
U.S.A

Byron Grote
Chief Financial Officer
BP Plc
1 St James' Square
London
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1st September 2008

Dear Ms. Harmon;

Re: File Number S7–15–08 - Modernization of the Oil and Gas Reporting Requirements

BP would like to commend the Securities and Exchange Commission Staff on their proposed rules for the modernization of oil and gas reporting requirements. The Staff has developed a set of revised definitions and a disclosure framework that will, in its entirety, provide the industry, investors and other stakeholders with an improved level of clarity. We believe this is a very positive step and we appreciate the efforts made by the Staff to address recommendations offered in response to the Concept Release.

BP has actively participated in the response prepared by the American Petroleum Institute (API) and has followed closely the preparation of the Society of Petroleum Engineers (SPE) and American Association of Petroleum Geologists' (AAPG) response to S7-15-08. We fully support the comments made by these organizations, and would like to highlight some issues which we consider to be of special importance.

Revised Definitions

We believe that the revised set of definitions is an improvement to the existing framework. The SPE and AAPG responses address in detail certain concerns of the industry in relation to the revised definitions. BP fully supports the SPE and AAPG responses and urges the SEC to revise the proposed rules as recommended by these organizations.

Use of 12 Month Average Prices

BP welcomes the proposal to use a 12 month average price rather than a single day year end price. This pricing will eliminate short-term price volatility from the reserves estimation process, which is inconsistent with the long-term nature of the oil and gas business. Consistent with our reply to the Concept Release, we continue to believe that the 12 month period should run from 1 October of the previous year to 30 September of the reporting year for companies with a fiscal year ending on 31 December. We also support API's alternative suggestion for the Staff to consider changing the current proposal to an average of beginning-of-month prices, ending with 1 December for a calendar year company.

We also believe it is crucial that the average price should also be used for accounting purposes. We do not consider it appropriate to determine alternative reserves volumes for accounting purposes as there could only exist one set of volumes that under the SEC rules would represent management's best estimate of the volumes we would expect to produce. In our opinion, it would also be misleading for investors if we were to use a different set of volumes for accounting from those presented in the reserves disclosure tables contained within the financial reports. Indeed, in paragraph 215 of FAS 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies" FASB recognised the desirability of conformity of the reserves definitions used in filing with the SEC and in the preparation of financial statements.

New Disclosure Requirements

BP wishes to emphasise the concerns expressed in the API response in relation to the significant increases in disclosure proposed in S7-15-08. We disagree with the statement that most of the information called for by the new proposed disclosure requirements is readily available and includes information that is regularly used in internal management systems. Much of the required disclosure information is not used by management to assess company performance, is unlikely to be valuable for the investor, and would not justify the costs involved in gathering this information. We are also concerned about the overall impact the proposed rules will have on increasing the complexity of our external financial reports, thereby reducing the overall usefulness of the information disclosed.

Of particular concern are the following proposed disclosures:

> Proposed Item 1202 Disclosure of reserves, requests separate disclosure of conventional and continuous accumulations which is a level of granularity which we do not consider to be helpful for the users of our financial statements. It may also become impractical to preserve this distinction as the industry categorisation of conventional accumulations develops over time. Hence, we recommend the requirement for separate disclosure of conventional and continuous accumulations be removed.
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> Proposed Item 1203 Proved undeveloped reserves (PUDs) would require a significant degree of complexity for reporting aging and tracking of PUDs by year of recognition and related investment, particularly as this investment could span several years, and we request consideration be given to removing the proposed 5 year table of PUD movements. Furthermore, the usefulness of this information to the investors is questionable. Disclosure about the nature and status of any significant costs which have remained on the balance sheet as properties awaiting development would appear to be more relevant for the investor.
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> Proposed Item 1204 Oil and gas production would require segmentation and collation of production cost information at a very detailed level of granularity (by product, by geographic area). Reporting of this information would require the use of subjective cost allocation and significant and costly changes to systems and processes. We do not believe that the costs of implementing this proposal justify the benefit to the investor and would therefore recommend the proposed table is eliminated.
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> Proposed Item 1205 Drilling and other exploratory and development activities and 1208 Oil and gas properties, wells, operations and acreage require increased granularity in this area which is not considered to be appropriate, given the costs required to gather the additional information, which we consider to be of limited value to investors. We would request that consideration be given to eliminating the requirement for the drilling and wells disclosures completely. We do not believe that the wells data requested would provide helpful insight for investors, particularly as developments in drilling technology make comparisons of well counts over time or between companies less meaningful.

We have not conducted a detailed assessment of the incremental effort which the proposed rule changes would require, but we consider the estimate of up to 15,000 to 20,000 hours suggested by the API to be a realistic approximation. Furthermore, in addition to the on-going incremental effort there will be significant work required to implement the additional disclosures. Therefore, should the Commission retain most of the additional requirements we request to postpone the implementation date for the provision of these additional disclosures.

In addition, for those disclosure requirements included in the final rules, we would request the Staff ensure that all definitions and requirements are clear and unambiguous. For example, the definition of a basin could be interpreted differently by each company. Similarly, the requirement to disclose costs in relation to undeveloped reserves is not clear as to whether it covers all historical costs or costs for the reporting period only.

Our focus on the areas where we consider changes to the proposed rules would be appropriate should not detract from our overall support for the modernization proposal, and we are grateful to the Commission for providing us with the opportunity to comment. BP would be happy to discuss this response further with the Commission and to answer any questions that may arise.

Sincerely,

Byron Grote
Chief Financial Officer