BP Statement on FERC Action Regarding 2008 Natural Gas Trades

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BP vice president and Head of U.S. Communications Geoff Morrell issued the following statement:

These allegations are without merit and we stand by what we previously disclosed publicly in February 2011 - that BP natural gas traders did not engage in any market manipulation in late 2008.

BP is disappointed that the FERC has brought this action and we will vigorously defend against these allegations.

The FERC bases its allegations on a recorded two-minute phone conversation between a BP trainee and BP natural gas trader that the regulator has taken completely out of context. The recording does not support any allegation of wrongdoing. In fact, the trainee involved in the conversation states that his characterization was incorrect and the trader never agrees with nor condones the trainee’s statements. The trader also reacts strongly to the trainee’s comments and interrupts him because the trainee’s comments - as the trainee admits on the call - are incorrect and inappropriate.

The trader also promptly reported the conversation and BP’s compliance personnel acted appropriately in examining the trading at issue.

Notes to Editors

February 1, 2011, as part of regular public disclosure required by SEC regulations, BP provided a notification to our shareholders as follows:

The US Federal Energy Regulatory Commission (FERC) and the US Commodity Futures Trading Commission (CFTC) are currently investigating several BP entities regarding trading in the next-day natural gas market at Houston Ship Channel during October and November 2008. The FERC Office of Enforcement staff notified BP on 12 November 2010 of their preliminary conclusions relating to alleged market manipulation in violation of 18 C.F.R. Sec. 1c.1. The FERC staff will determine whether to pursue the investigation, to close the investigation, or to seek authority to pursue resolution by settlement. On 30 November, 2010, CFTC Enforcement staff also provided BP with a notice of intent to recommend charges based on the same conduct alleging that BP engaged in attempted market manipulation in violation of Section 6 (c), 6(d), and 9(a)(2) of the Commodity Exchange Act. BP submitted responses to both notices on 23 December 2010 providing a detailed response that it did not engage in any inappropriate or unlawful activity.

Further Information:

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