

## BP agrees terms to sell North Sea interests in Andrew area and Shearwater to Premier Oil

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BP has agreed terms to sell its interests in the Andrew area in the central UK North Sea and its non-operating interest in the Shearwater field.

BP operates the Andrew assets – comprising the Andrew platform, the Andrew (62.75%), Arundel (100%), Cyrus (100%), Farragon (67%) and Kinnoull (77.06%) fields and associated subsea infrastructure. It holds a 27.5% stake in the Shell-operated Shearwater field.

Under the terms of the deal, Premier Oil will pay BP \$625 million. Decommissioning liability for the assets will transfer from BP to Premier Oil.

Ariel Flores, BP North Sea regional president, said: “BP has been reshaping its portfolio in the North Sea to focus on core growth areas, including the Clair, Quad 204 and ETAP hubs. We’re adding advantaged production to our hubs through the Alligin, Vorlich and Seagull tieback projects.

“As a result of this focus, we have also now decided to divest our Andrew and Shearwater interests, believing them to be a better strategic fit for another owner. We are confident that Premier Oil, already a significant operator in the North Sea, is the right owner of these assets as they seek to maximise their value and extend their life.”

The five fields in the Andrew area all produce through the Andrew platform, which is located about 140 miles north-east of Aberdeen. The hub started production in 1996. In 2019, average daily production has been around 25,000 to 30,000 barrels of oil equivalent per day.

The Shearwater field is a high pressure, high temperature reservoir produced through a process, utilities and quarters platform, located around 140 miles east of Aberdeen. Shearwater’s 2019 production has been in the region of 14,000 barrels of oil equivalent per day gross.

The Andrew assets are expected to transition to Premier Oil as a fully operational entity with 69 staff who operate and support the assets. Their contractual terms and conditions are protected under UK Transfer of Undertakings (Protection of Employment) Regulations (TUPE). BP will now begin consultation with in-scope staff.

There is no transfer of staff associated with the Shearwater sale.

The sales are the latest step in BP's planned programme of \$10 billion divestments by the end of 2020. Subject to the receipt of regulatory and other third-party approvals, BP aims to complete the sale and transfer of operatorship of the assets at the end of the third quarter of 2020.

## Notes to editors

- The deal includes BP's operating interests in the Andrew area comprising the Andrew (62.75%), Arundel (100%), Cyrus (100%), Farragon (67%) and Kinnoull (77.06%) assets as well its non-operating 27.5% interest in the Shell-operated Shearwater.
- In December 2018, BP increased its interest in the giant Clair field west of Shetland from 28.6% to 45.1%. The Clair field is being developed in phases – Clair Ridge, the second phase development, started up in November 2018, targeting 640 million barrels of oil and peak production of 120,000 barrels of oil a day. A third phase, Clair South, is under consideration.
- The Quad 204 project – a redevelopment of the Schiehallion and Loyal fields west of Shetland – delivered first oil in May 2017. The project included the construction and installation of the Glen Lyon floating, production, storage and offloading (FPSO) vessel, a major upgrade and replacement of subsea facilities and an extensive drilling programme.
- BP is also delivering a programme of subsea tiebacks in the North Sea:
  - Alligin forms part of the Greater Schiehallion Area west of Shetland and will target 20 million barrels of oil equivalent and peak production of 12,000 barrels gross of oil equivalent a day. It is due on stream in 2020.
  - Vorlich is targeting 30 million barrels of oil equivalent and peak production of 20,000 barrels gross of oil equivalent a day. It will be tied back to Ithaca Energy's FPF-1 floating production facility in the central North Sea and is due on stream in 2020.
  - Seagull will be developed through BP's ETAP (Eastern Trough Area Project) hub in the central North Sea and is expected to initially produce around 50,000 barrels of oil equivalent per day. First oil from the project is expected in 2021.
  - BP is also making progress towards a final investment decision (FID) for the Murlach (formerly Skua) development which could be a future subsea tieback to ETAP.
  - BP was awarded a new exploration licence in the 31st Offshore Licensing Round announced by the Oil and Gas Authority (OGA) in June. The BP-operated licence covers 10 blocks in Quadrant 209 in the west of Shetland area.

## Further information

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## Cautionary statement

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This document contains references to non-proved resources and production outlooks based on non-proved resources that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262.

Our most recent Annual Report and Form 20-F and other period filings are available on our website at [www.bp.com](http://www.bp.com), or can be obtained from the SEC by calling 1-800-SEC-0330 or on its website at [www.sec.gov](http://www.sec.gov)