BP starts-up Clair Ridge production
23 November 2018

- Major UK North Sea development is sixth new upstream project to come on stream for BP in 2018.
- Targeting 640 million barrels of oil reserves; peak production of 120,000 barrels of oil a day.
- First offshore deployment of BP’s ground-breaking LoSal® enhanced oil recovery technology.

BP, on behalf of co-venturers Shell, Chevron and ConocoPhillips, today announced first oil production from the giant Clair Ridge project in the West of Shetland region offshore UK.

Clair Ridge is the second phase of development of the Clair field, 75 kilometres west of Shetland. The field, which was discovered in 1977, has an estimated seven billion barrels of hydrocarbons.

Two new, bridge-linked platforms and oil and gas export pipelines have been constructed as part of the Clair Ridge project. The new facilities, which required capital investment in excess of £4.5 billion, are designed for 40 years of production. The project has been designed to recover an estimated 640 million barrels of oil with production expected to ramp up to a peak at plateau level of 120,000 barrels of oil per day.

Bernard Looney, BP Chief Executive Upstream, said: “The start-up of Clair Ridge is a culmination of decades of persistence. Clair was the first discovery we made in the West of Shetland area in 1977. But trying to access and produce its seven billion barrels proved very difficult. We had to leverage our technology and ingenuity to successfully bring on the first phase of this development in 2005.

“And now more than 40 years after the original discovery, we have first oil from Clair Ridge, one of the largest recent investments in the UK. This is a major milestone for our Upstream business and highlights BP’s continued commitment to the North Sea region.”

Clair Ridge is the first offshore deployment of BP’s enhanced oil recovery technology, LoSal®, which has the potential to increase oil recovery from reservoirs by using reduced salinity water in water injection. This is expected to result in up to 40 million additional barrels being cost-effectively recovered over the lifetime of the development.

Ariel Flores, Regional President for BP’s North Sea business, said: “Safely delivering first oil from Clair Ridge, in some of the harshest conditions in the UKCS, is the result of years of planning and hard work by BP, our partners and supply chain colleagues. We are proud to have played our part in this pioneering project and are excited for the Clair region’s continued potential.”
In addition to the platforms, the Clair Ridge project also included new pipeline infrastructure with the installation of a 5.5-kilometre, 22-inch oil export pipeline tying into the Clair Phase 1 export pipeline. Oil from Clair is exported to the Sullom Voe Terminal on Shetland.

A new 14.6-kilometre, six-inch gas export pipeline tying Clair Ridge into the West of Shetland Pipeline Systems (WOSPS) was also installed as part of the project. The WOSPS transports gas from West of Shetland to the Sullom Voe Terminal.

Clair Ridge also features an advanced drill rig which will deliver a drilling programme over several years. There are 36 well slots, two of which are being used for the tieback of pre-drilled wells. The drilling programme, which is likely to last more than 10 years, includes drilling and completing development wells from the remaining 34 well slots.

Dr Andy Samuel, Chief Executive at the Oil and Gas Authority said: “First oil from the newly built Clair Ridge platform is a major milestone for the UKCS. The OGA continues to view the West of Shetland as strategically important with substantial remaining potential. The Clair Field has in excess of 7 billion barrels in place and is expected to sustain production for many decades to come, with significant scope for further phases of development. We welcome BP’s ongoing commitment to MER UK.”

Oil & Gas UK Chief Executive Deirdre Michie added: “First oil at Clair Ridge represents a major milestone in BP’s developments West of Shetland, the frontier region which is likely to have the greatest potential to expand current UK production.

“It’s greatly encouraging to see one of the basin’s original explorers using new, ambitious approaches and pioneering technology to help lead a revival in production. This is another firm step towards maximising economic recovery from the basin.”

The start of production of Clair Ridge follows the start-up earlier in 2018 of five other Upstream major projects: Atoll Phase One, offshore Egypt, Shah Deniz 2 gas development in Azerbaijan, TAAS expansion project in Russia, Western Flank B offshore Western Australia and Thunderhorse Northwest Expansion in the Gulf of Mexico.

This string of developments will follow from 2017’s seven major project completions and is key to delivering the 900,000 barrels of oil equivalent new production that BP expects from new upstream major projects by 2021. P’s Lower 48 business changes name to BPX Energy, marking new era of growth.

Further information

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Notes to editors
Ownership

- BP is operator with 28.6% interest; Shell, 28%; ConocoPhillips, 24%; and Chevron North Sea Limited 19.4%.
- In July 2018, BP announced it has entered into an agreement to purchase from ConocoPhillips a subsidiary which will hold a 16.5% interest in the Clair field, subject to regulatory approval.
- Once the deal completes, BP will hold a 45.1% interest in Clair and ConocoPhillips will retain a 7.5% interest.

Clair field history

- The Clair field, 75 kilometres West of Shetland, was discovered in 1977.
- The field had an initial estimate of 7 billion barrels of hydrocarbons in place, in a highly complex and naturally fractured reservoir.
- The first phase of development of Clair began production in 2005, targeting approximately 300 million barrels of recoverable resources via the first fixed offshore facility to be installed in the West of Shetland area.
- Clair partners are evaluating a potential third phase of development of the field.

UK investment

- Since Clair Ridge was sanctioned in 2011, more than £1.5 billion of contracts have been awarded to UK companies.
- More than half of the Clair Ridge contracts – 71 out of 122 – have been placed with UK-registered companies.

Hook-up and commissioning

- Largest commissioning in the North Sea in more than 20 years.
- Over 6,000 people involved with 750 offshore at any given time.
- Several thousand UK jobs supported through the commissioning phase with more than 6,000 helicopter flights through Shetland.
- More than 10 million work hours expended.
- Industry-first dynamically positioned flotel (floating accommodation) West of Shetland to support the commissioning work.
- Supported by more than 350 people onshore.

Construction phase

- The eight Clair Ridge modules plus the bridge connecting the platforms were constructed at the Hyundai Heavy Industries (HHI) yard in South Korea.
The platform’s jackets (legs) were constructed by Kvaerner in Norway.

**Offshore installation**

- The platform’s two jackets were installed in the summer of 2013 followed by two offshore heavy lift campaigns to install the platform’s eight modules, its flare boom and bridge.
- The first heavy lift campaign, in 2015, saw the installation of the quarters and utilities (QU) platform, which comprises three modules – the quarters and utilities integrated deck, the power generation module and the living quarters module.
- The second heavy lift campaign, in 2016, completed the construction phase with the safe installation of the drilling and production (DP) platform, which comprises five modules – the drilling equipment set module, compression module, drilling support module, drilling platform east module and drilling platform west module.
- The platform’s flare boom and bridge were also installed in 2016.
- In all, 53,000 tonnes of modules were safely installed during the 2015/16 offshore campaigns, involving some of the world’s heaviest ever offshore lifts.

**Drill rig**

- The drilling facility is based on inherently safer design principles and includes:
  - Cyberbase controlled drill floor equipment;
  - Advanced mud, cutting re-injection;
  - Cement unit control systems;
  - Simultaneous operations package for standalone well interventions.
- BP’s existing U.S. onshore oil and gas business currently produces around 315,000 boe/d from operations across seven oil and gas basins in five states with resources of 8.1 billion boe.
- The BHP acquisition will substantially increase the liquid hydrocarbon proportion of BP’s production and resources in the U.S. onshore, to around 27 percent of production and 29 percent of resources from the current 14 percent and 17 percent, respectively.
- BP’s U.S. onshore business moved into a new headquarters office in Denver last month.

**Cautionary statement**

In order to utilize the ‘safe harbor’ provisions of the United States Private Securities Litigation Reform Act of 1995 (the ‘PSLRA’) and the general doctrine of cautionary statements, BP is providing the following cautionary statement. This press release contains certain forward-looking statements concerning BP’s plans and expectations regarding the start-up of Clair Ridge production, including targeting 640 million barrels of reserves and production of 120,000 barrels of oil a day; plans and expectations regarding BP holding a 45.1% interest in Clair and ConocoPhillips retaining a 7.5%
interest; plans and expectations regarding LoSal®, including its potential to increase oil recovery and result in up to 40 million additional barrels being cost-effectively recovered over the lifetime of the development; plans and expectations for the drilling programme to last more than 10 years; and plans and expectations to deliver 900,000 barrels of oil equivalent of new production from new upstream major projects by 2021. Actual results may differ from those expressed in such statements, depending on a variety of factors including changes in public expectations and other changes to business conditions; the timing, quantum and nature of divestments; the receipt of relevant third-party and/or regulatory approvals; future levels of industry product supply; demand and pricing; OPEC quota restrictions; PSA effects; operational problems; regulatory or legal actions; economic and financial conditions generally or in various countries and regions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations; development and use of new technology; the success or otherwise of partnering; the actions of competitors, trading partners and others; natural disasters and adverse weather conditions; wars and acts of terrorism, cyber-attacks or sabotage; and other factors discussed under “Principal risks and uncertainties” in the results announcement for the period ended 30 June 2018 and “Risk factors” in our Annual Report and Form 20-F 2017. This document contains references to non-proved reserves and production outlooks based on non-proved reserves 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. This form is available on our website at www.bp.com. You can also obtain this form from the SEC by calling 1-800-SEC-0330 or by logging on to their website at www.sec.gov.