



# Trinidad and Tobago Energy Conference - keynote address

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Thank you Dax.

Your Excellencies, distinguished guests, ladies and gentlemen, good morning

Before I begin, I'd like to take the opportunity to wish Minister Franklyn Khan a continued speedy and full recovery. Our thoughts are with him and his family.

So let me start by saying how sorry I am that I can't be with you in person today.

Believe me when I say that being in sunny Trinidad and Tobago sounds a lot better than spending today in cold and foggy London!

I'm looking forward to being able to visit again very soon. Who knows, I may even finally make it to Carnival this time.

Working in this fantastic industry, I've been lucky enough to travel the world quite a bit since joining BP back in 1991 – including several visits to your great country.

That's 26 years ago now. That seems a very long time ago, but not as long as some.

I believe joining you today in the room is a gentleman called Kamal Jaggernaut

Jaggy joined BP here in Trinidad and Tobago back in 1980. 36 years ago.

That's before Amoco became bpTT, before we became a predominantly gas business, before our first locally fabricated platform Cannonball.

It puts him in the running as one of the longest serving BP employees anywhere in the world.

And he's a credit to BP Trinidad and Tobago.

Jaggy – thank you for all that you have done and continue to do for our company.

## Commitment to Trinidad and Tobago

Today Jaggy is part of a 1000 strong team across our 16 operating sites here in Trinidad and Tobago.



94% of our staff here in country are from these islands, but wherever you are in BP's global business you're never too far from that familiar Trinidadian accent!

In fact, my new executive assistant Chan comes from Aranguez.

So the influences of these islands are felt in our offices all over the world, just as they are in Port of Spain.

The partnerships and history between BP and this country are long and they are strong.

We go back over 50 years now and have been the single largest corporate contributor to the economy for a generation.

As such we have witnessed many changes and challenges together.

Including at the moment.

It's been tough all around the world in our industry with oil and gas prices depressed. But I want to recognise the difficulties specific to these islands.

I know there has been an impact on tax revenues.

Challenges with gas supply shortages.

The pain of job cuts – something we have not been immune to having had to make some difficult decisions in BP.

We've had to lose some people – some very good people.

We don't like doing that, but the energy world is changing and we must adapt or else we die.

This is when you look to your relationships.

You look for the trust and respect that has built up over time to find ways to keep working together.

And that has been our history here in Trinidad and Tobago.

Three years ago you heard from Andy Hopwood, our chief operating officer for strategy and regions.



He talked about a \$2 billion dollar project called Juniper. About working with our partners in government on the fiscal conditions that could make that investment possible.

I'm pleased to say that we were able to do that.

Both the jacket and topsides for Juniper have now sailed to their final location 50 miles offshore – and I'm delighted to announce that the topsides were safely installed just after midnight this morning.

I want to congratulate all who were involved – to Norman, everyone at the yard and the whole team who helped make it happen – it's a fantastic achievement.

And that's not our only investment activity.

Our Onshore Compression project, TROC, will also be completed this year.

And we have the Sercan II project with our partners EOG already in production.

We are investing in new seismic surveys, as well as exploration drilling in the deepwater with our partner BHP, and in our own acreage in the Columbus Basin – spudding the Savannah well last month.

There's more to come, with plans to spud four further exploration wells in the near term.

That adds up to \$6 billion of investment since 2013.

All of which is helping bring on stream much-needed additional production which will start to alleviate the ongoing gas supply short falls.

It's also been fantastic to see new investment from others too – BHP's deepwater exploration programme to give an example.

We are bucking a trend – maintaining investment at a time when it's been falling across our industry.

But this is what you can achieve when you have strong relationships – when you have trust and when you have an environment that supports investment.

That's what I'd like to focus on today.

- The starting point is a shared understanding about the current environment – our new reality.



- That leads to the need for companies like BP to make some big choices on what to do and how to do it.
- And I'll finish by looking at what the choices we make together can mean for the future of this industry in Trinidad and Tobago.

## The new reality

So, first let's look at the world we are currently working in.

Prices have been down for nearly two years now. It's been tough – wherever you work in the industry.

But we are starting to see an uptick.

That's welcome of course, but there is also real danger.

I hear people talking about – or hoping for – prices returning to previous levels.

That leads in our opinion to a huge risk of letting our old habits reappear. Of letting costs rise with prices.

We simply cannot – and must not – let that happen.

I believe – and we believe at BP – that where we are right now is the new normal.

Let me explain why.

Global demand for energy is still strong – and looks set to be about a third bigger in 20 years' time as emerging economies grow and prosper.

But we are in a world where the old economics of oil and gas are changing.

On one side we have oversupply – technology has now made oil and gas abundant. We are in an age of plenty.

On the other side we have a global desire to move towards a lower carbon global economy.

This is a transition that needs to happen. It is already happening. Renewable energy is growing faster – much faster than any other kind of energy.



Wind, solar, and biofuels are likely to account for around 10% of the energy mix by 2035.

Our industry is part of that future – the low carbon scenarios that limit global warming suggest about half of all primary energy will still come from oil and gas in 2040.

Let me repeat – about half of the energy the world will need in 2040 will come from oil and gas.

But the fuel mix overall does need to change.

Traditional oil and gas companies need to be a part of this transition if they want to have a future – and they also need to be able to compete.

## Acting now to survive and thrive

In the face of this new reality, we have to ask ourselves:

What needs to change so that we can be competitive and continue to fulfil our purpose of providing heat, light and mobility?

Well the first rule is that we must never lose focus on safety

First and foremost this is about getting people home safe to their families every night or every morning.

We must never lose sight of that.

But in doing that you also find it is good for business.

In BP we have seen the gains we've made in our safety performance reflected in the gains we've seen in our reliability and our efficiency performance.

In times of change and uncertainty people can get distracted. Drop the ball.

It's up to each of us to make sure that doesn't happen.

The second rule is to look at how you can improve each and every day.

In manufacturing industries like aviation, the auto industry or petrochemicals, costs generally come down with time.

In our Downstream business, our costs for feedstock chemicals like PTA or olefins have come down consistently over time. Improving productivity year after year.



If you look at the renewables sector, they've been making incredible progress – year on year.

The cost of solar panels has come down about 80% in the last 5 years. The cost of onshore wind power has come down by around half in the same timeframe.

As we look back in time at the Upstream oil and gas industry, it's been different – costs tend to want to go the other way. Tend to go up with the oil price.

We need to change this – here in Trinidad and Tobago as in other regions throughout the world.

It's really about getting ahead on operational effectiveness and productivity.

Simplifying what we do – making each dollar really count.

And we're already seeing successes here.

To give you an example, the bpTT team saved \$20m on the Juniper drilling program by delivering the wellheads early to allow batch installation. That means installing them all upfront together.

It sounds simple but every gain adds up.

We're embracing the continuous improvement mindset that is so effective in other sectors.

It's not easy changing the way people think and behave.

But it's essential to be competitive in the new normal – in a \$50 or below world.

That brings me to my third point – how do we not just improve – but transform what we do?

In many ways we have a history of doing that.

We have been at the cutting edge of some of the world's greatest engineering challenges,

But we also have to admit where we have been lagging behind.

We hold our hands up to that in BP.



We know we don't have all the answers – so we have been learning from others, outside our company and – importantly – outside our industry.

As an example, last August I went along with 30 of my top team to meet with leaders from a large number of companies including Google, Rio Tinto, GE, McLaren, Phillips and Toyota.

We spent three days learning from them and picking up some incredible insight into how they run their businesses and tackle their own challenges.

I can't tell you how inspiring I found it.

This is part of a wide-ranging programme we are currently undertaking to modernise our Upstream business – embracing digital and the opportunities presented by big data, making our organisation more agile and improving decision making; as well as capital and operational performance.

It's really energising for our teams – and for our business the value it represents is hugely significant.

We're already seeing results – entering into some exciting partnerships with leading edge companies like GE to develop technology that will improve our efficiency and make our operations safer

I see enormous value in this work to our partners here in Trinidad and Tobago.

It can help us to address some of the challenges we see here around the agility of the sector, the speed of decision making, and bureaucratic processes which delay investments and activity.

We can work together to do so.

Collaboration is undoubtedly key.

## Creating the future for the sector and for Trinidad and Tobago

So I want to be clear – we're facing very real challenges that will take a commitment from all sides to overcome.

But I'm confident we can do this.



The reason I'm confident is because of the relationships we have here on this island and in this region.

Our team here talk with real pride of helping to grow the islands' gas platform fabrication industry.

Of establishing globally respected programmes in petroleum geosciences and engineering at the University of the West Indies.

Of building a micro-finance programme that has distributed more than 3,000 loans and created thousands of jobs in local communities.

It is part of what you can do when you have good partners.

And it means we have relationship here that we are depending on to deliver around one in every five new barrels of growth in our Upstream business over the next three years.

One in five barrels. That is around 20% of our global growth coming from Trinidad and Tobago.

Furthermore, Trinidad has a vital role to play in the world's transition to a lower carbon future, one in which gas – as the cleanest fossil fuel – plays an increasing part.

To that end, we are looking as a company to increase the percentage of gas in our portfolio to at least 60% within the next decade.

And gas producing regions like Trinidad are central to that ambition.

That is a lot of belief invested in these islands.

And that brings me to our potential next steps together.

We have another project that we believe can make an important contribution to the continuity of energy supplies here.

It's called Angelin – I'm sure my good friend and colleague Norman Christie will have spoken about it earlier.

I had hoped today that we could be announcing the sanction of Angelin – setting a course for first gas in 2019. We are not quite there yet but making good, steady progress.



I'm hopeful that we can conclude negotiations as quickly as possible to establish a platform of stability that will allow us to move forward. One that works for all sides of the partnership.

History says we can do that.

We have a history of making the right choices here together in Trinidad and Tobago.

The right choices around keeping our businesses and people safe and reliable.

The right choices around being willing to modernise and keep pace with the way the world is changing around us.

The right choices around competitiveness and engaging with the energy transition, of which Trinidad and Tobago's natural gas will be an important part.

I've been in this industry for 26 years.

Jaggy has been in it for 36 years.

It's a great industry – an industry I'm proud of – and I'd say it's a good and worthwhile ambition for the industry to still be here in 50 years' time and more.

To be here not just for Jaggy's grandchildren, but for their grandchildren as well.

Thank you for listening and have a great conference.