



Mauritania and Senegal's new offshore opportunities

Bernard Looney, chief executive, Upstream





Your excellency, distinguished guests from the US government, ladies and gentlemen good morning. It is a great pleasure to be here to discuss exciting new opportunities for Mauritania, for Senegal and for our industry.

My thanks to Andy for providing the background, describing the exploration programme and setting out the roadmap to first gas from Tortue, the first major gas project in this province.

I would like to build on what Andy has said in three ways. First, by briefly sharing with you the way we at BP see the world of energy evolving over the next 20 or so years.

Second by explaining our strategy, how Mauritania and Senegal fit in it and why we are so excited about this partnership and the region.

And finally, as operator of the Tortue project, I would like to sketch out some of the plans for this genuinely unique and ground-breaking operation.

1. The world of energy

So, let me start with the very big picture against which we should see any new development.

In BP, our projections tell us there is still a huge appetite for energy across the world. We expect demand for energy to grow by some 30% between 2015 and 2035 - and that is similar to many other expert analyses.

Demand for energy will keep growing over the coming years but so will supply. The world has plenty of energy resources to meet the demand - in fact it has over 50 years' worth of oil and gas - and that is just in what we call proved reserves. There is a lot more out there. As such - we have oversupply - not just today - but possibly for some time to come.

And the consequence is straight forward. Demand will be met by the energy that can be produced at the most competitive cost. As companies and countries, there is for the first time the prospect of real sustained competition.

At the same time, as the world continues to grow and prosper, climate change is a stark reality. What we want as a society is to enjoy the benefits of energy while reducing the impacts in terms of greenhouse gas emissions. And that depends on many factors - but especially on the type of energy we use. Renewable energy is expected to grow the fastest of all, at around 7%, and that will help to limit emissions. But, while they are growing fast, renewables will remain a relatively small part of the mix.



If you want to tackle emissions at scale, and we all do, gas becomes central to the task. Gas typically has half the emissions of coal when it is burned to generate power. It is plentiful and it is economical. It can be transported from suppliers to consumers in pipelines or by sea.

No wonder then that gas is expected to boom in the next 20 years, growing at 1.6% a year, twice as fast as oil and eight times as fast as coal.

Economically and environmentally, gas is set to be the world's most important fuel in the next couple of decades.

2. BP's strategy

So, with that in mind, let us talk about our strategy in BP.

Part of our future is about shifting to gas and we expect it will make up roughly around 60% of our production by mid-2020s - that is compared with 50% today.

We also saw early on that oil prices would stay low for a long time. So, we acted to make ourselves competitive by increasing efficiency and reducing costs, while keeping safety as our core value.

We have reduced capital spending by a third across BP but made the most of the remaining two-thirds. We have brought 24 new projects on stream in the past five years with seven more planned this year.

The future for us is one of disciplined growth. We aim to keep capital spending at between \$15 and \$17bn per year. And that investment is expected to lead to one million barrels of new production by 2021.

And we choose our investments very carefully - from the Gulf of Mexico to the Caspian, from Iraq to Indonesia, or our newest investment in Mauritania and Senegal. The common factor is that the projects are large-scale, long-term and highly competitive.

But it is not just about where we work - it is also about the beliefs we have about how we create value.

First, we work with partners and contractors to operate as efficiently as possible.

Second, we aim to lead in the use of new technology, particularly digital technology, which has the potential to transform our industry, as it has transformed others such as the retail and automotive sectors.



Third, we look to form innovative business models where we work with partners in ways that use our respective strengths to the fullest.

And last, but certainly not least, we aim to form strong, lasting, trusting partnerships with governments as we have done for over a century.

3. Where Mauritania and Senegal fit in

So, I think by now you can probably see why Mauritania and Senegal is so attractive to BP.

First, we have gas. It supports the shift we are making in our portfolio and provides supplies of gas for domestic and export markets.

Second, it is precisely the kind of gas province that we want to invest in. It is long-term. It is large-scale. And it is highly competitive.

The Tortue field is estimated to contain more than 15 trillion cubic feet of recoverable gas. The total acreage, which is bigger than the Greater Houston area, at 33,000 square kilometres, could contain a further 50 trillion cubic feet. To put this in perspective, 50 tcf is all of Africa's current gas production for almost 7 years.

Third, it is also innovative. We are embarking on a novel partnership with Kosmos that is designed to make the most of our respective experience and expertise.

We bring together Kosmos's deep knowledge of exploration and of this region, with BP's experience in deep-water project management, sub-sea engineering, and liquefied natural gas - LNG - development and marketing.

4. A unique project

Practically, this project is an engineer's dream. By that I mean it is a challenge - or a puzzle - of the kind that us engineers relish.

It involves producing vast volumes of gas situated in very deep water - around 2700m depth - and moving that gas along more than 100 kilometres of flowlines to a modular floating LNG production system.

The LNG production modules are expected to be situated at a newly built breakwater and expanded as required over time.



Our aim is to make the final investment decision on Tortue next year and then see first gas in 2021.

But the story of course does not end with the gas being supplied to domestic or export markets. Even more importantly, the revenues from that gas will boost the economies of Mauritania and Senegal. The project will have both direct and indirect employment impacts across the two countries, and we will be working with both governments to support the development of local capabilities.

This is a great opportunity for BP and for Kosmos, but it is an even greater opportunity for Mauritania and Senegal. It gives us huge satisfaction to know that we are not only serving our investors and customers, but importantly serving the communities of Mauritania and Senegal.

In the relatively short time I have spent there, I have seen that both governments are approaching this in a great spirit. I have been personally welcomed into business-friendly environments where the governments have a pragmatic approach to developing the resources, working with us, and seeing the project evolve on the journey to first gas. They have an absolute desire for transparency in everything they do. And they have great ambitions for their nations - ambitions that we plan to help them fulfil.

So, this morning I want to thank our partners in Kosmos for whom we have the greatest of respect. I believe our combined capabilities in exploration and development will come together very effectively.

Finally, I also want to thank SMHPM and the governments of Mauritania and Senegal for welcoming us and working with us. Within six months we have created a very powerful new partnership for a very promising new province. It is a great opportunity for all of us and BP is privileged to be part of the team.

Thank you.