



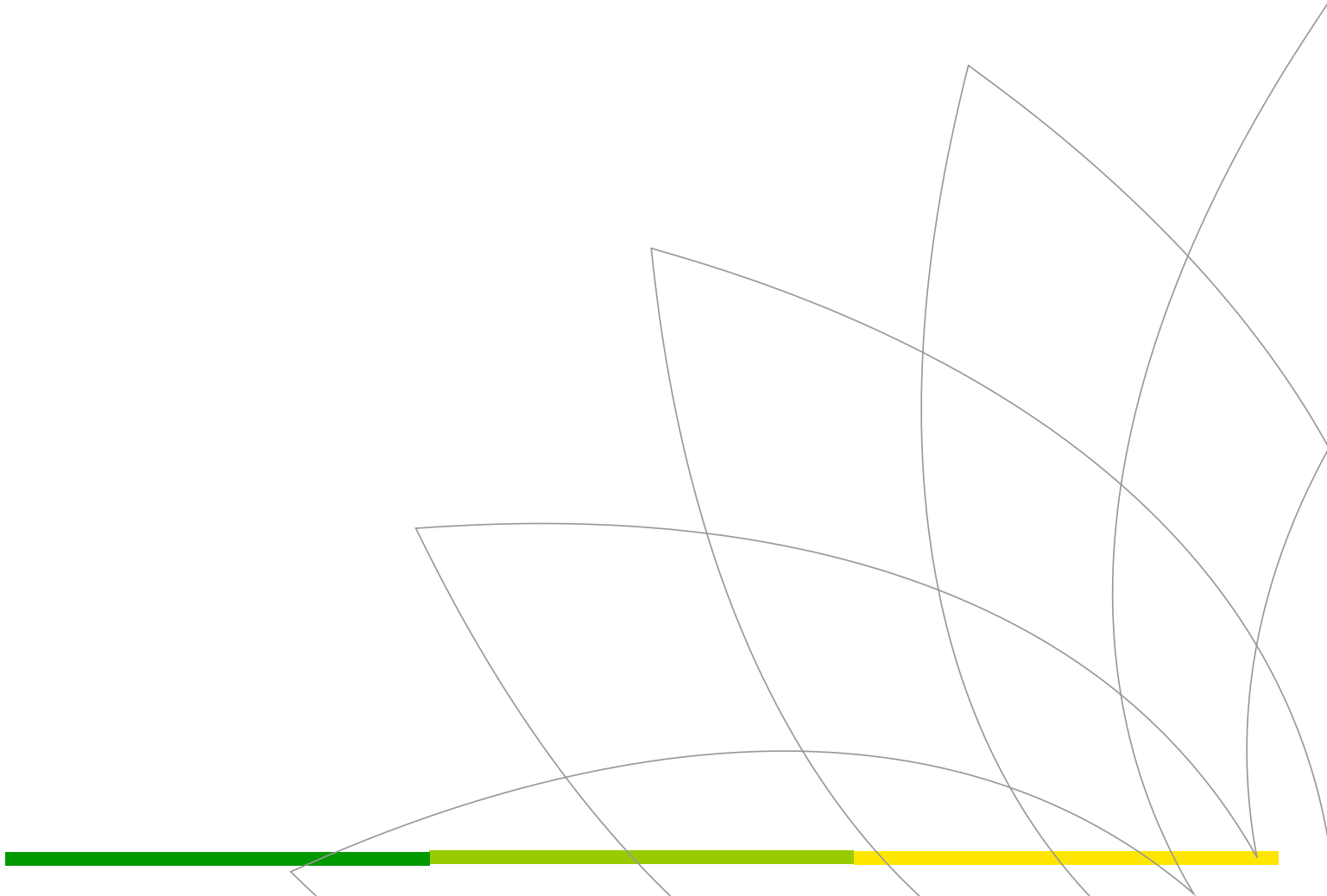
# Open for the future

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## Introduction

Good morning,

Thank you Eithne for the introduction.

It is a real pleasure to be here today.

Let me start by thanking Paal Kibsgaard for a number of things.

First, for the invitation to be here.

Second for the generous support he has given me personally over the years.

And finally for the very focused and purposeful way he has stewarded the relationship between Schlumberger and BP.

As Olivier takes the reins, I want to wish him the very best, and look forward to working with him.

In BP we view the partnership between our two companies with the greatest of respect.

With Schlumberger you can be sure of three things.

Cutting edge technology...

A diverse and progressive team...

And the willingness – and ambition – to take on the greatest challenges facing our industry.

I am reminded of how I felt coming away from your last forum in Paris.

Humbled by the great achievements of our industry...

Inspired by the innovations on show...

And proud to work in a sector with such a deep sense of purpose.

The energy we produce improves and changes lives.

It heats the homes we live in...

Lights the schools that educate our children and powers the hospitals that keep us healthy.

And energy has opened up the world for many of us; allowing us to travel further and faster...

And in recent years, energy has also helped connect us like never before – powering a virtual world with all the possibilities that digital opens up.

But we are now at a moment in time when energy's role – specifically our industry's role – in society is being questioned like never before.

We have seen that on the streets of London in recent months with the climate protests.

And next week, of course, is Climate Week in New York, with the UN holding its latest climate change summit.

To coincide, activists are calling on people around the world to join a global climate strike against fossil fuel use.

Our response, as an industry must not be to close ranks.

We may disagree on the action being demanded.

Yet we share the concern for the planet.

We have to engage, get involved, be prepared to talk about the actions we are taking today and our plans for tomorrow.

In short – we need to be open.

The future is open.

The reality is that the world needs our industry to be part of the solution.

We have to demonstrate that our industry is as important today as it has ever been – and even more important for tomorrow...

The way to do this is encapsulated in the theme for this conference: openness. I believe there are three ways to help us do this.

We need to be;

- **Open** about the concerns of society – at the end of the day, we are society too.
- **Open** to evolving how we work together.
- And **open** to new ways of working, particularly through digital and technological change.

## Open about the concerns of society

So, let me first look at our industry's role in society.

To do this we need to look at the picture for energy now and in the future.

I like to operate on the basis of the facts, and the facts point to a world not yet on a sustainable path.

This is borne out in BP's Statistical Review of World Energy.

It shows that carbon emissions grew by around 2% in 2018.

The fastest rate for 7 years.

On current trends, emissions are set to rise by around 10% by 2040.

Energy demand is also expected to rise, up by around a third over the same timeframe.

The challenge is to get emissions down while energy demand is going up.

So, should the world seek to reduce demand?

If only it was that simple.

It was Roger Moore who said:

'Everybody seems to live rather well down here in Monaco.'

Actually, the same is true for much of the West.

Our standard of living relies on abundant supplies of energy.

Elsewhere in the world, where access to energy is limited, life can be very different.

The connection between human progress and energy consumption is undeniable...

As is illustrated by the United Nation's Human Development Index.

The Index does not give a figure for Monaco, but in France average energy consumption is 165 Gigajoules per person per year.

Contrast that with India, say, where it is 24 Gigajoules. Or 10 Gigajoules in Senegal.

You do not have to know what a Gigajoule looks like to get the point.

Particularly when the UN's Index suggests that substantial increases in human development and well-being are associated with increases in energy consumption, up to 100 Gigajoules per head.

In fact, 80% of the world's population today live in countries where average energy consumption is below 100.

So, what do we conclude from all this?

Two things.

Yes, we most definitely need to reduce emissions.

Yes, more energy is needed to improve living standards around the world.

Delivering on one is hard enough.

Delivering on both is a massive challenge – the defining challenge ahead for our industry.

But I know what our industry can do and that makes me an optimist.

We also know today what needs to be done for tomorrow.

- Fuels of all kinds produced cleaner and better.
- More renewables and gas, pushing coal out of power. But comparing gas to coal isn't good enough on its own – we need to compare gas to zero carbon – how will we decarbonize it.
- Maximising the benefits of gas by stopping methane leaking from pipes and plants.
- Making big gains in energy efficiency, using digital, data, and other technologies.
- Enabling carbon capture use and storage technology, so it becomes competitive and mainstream.
- Scaling up land use projects that absorb carbon, like forest protection.
- And looking into the potential of hydrogen, for the longer term.

So we need to listen, hard, to society's concerns. They are real concerns – the world is not on a sustainable path – and they are our concerns.

Shouting louder about the good that we do is not a winning strategy. We need to demonstrate that we are part of the solution.

That we get it!

That we are open.

## Open to evolving how we work together

Now this is not a challenge that anyone can achieve on their own, of course.

It requires everyone to play their part, which is my second point: in being open to evolving how we work together, on many different levels.

One example is how investors and the industry came together in June, at the Vatican, under the aegis of Pope Francis.

That brought about an agreement on greater climate-related disclosures from the industry.

For greater openness, in other words.

There was also agreement to work towards advancing carbon pricing. I will not go on a detour on that here, other than to emphasise the significance of carbon pricing for advancing low carbon on all fronts.

At the level of working together within the industry itself, the Oil and Gas Climate Initiative is a case in point.

As you may know, the OGCI brings together 13 major oil and gas companies from all over the world.

Together they are responsible for 30% of global oil and gas production.

And together they can make an impact on challenges common to all of us, such as reducing methane emissions and advancing carbon capture use and storage, or CCUS.

The projects about sustainable future hydrocarbon use depend on taking the carbon out of hydrocarbons.

So the reality is we need to make greater headway with the commercialisation of CCUS.

In fact, BP is working with the OGCI to progress the UK's first, commercial, full-chain CCUS project.

It is early days, but if that project goes ahead, it will capture CO<sub>2</sub> from new, efficient, gas-fired power generation.

It will then transport it by pipeline to be stored in a reservoir underneath the North Sea.

This infrastructure will also allow other local industries to store CO2 captured from their processes.

On the one-to-one level, I would call out our own partnership – between Schlumberger and BP – as an example of being open to innovation and change.

No surprise in that – but we have the proof.

In the Gulf of Mexico, we have brought costs down significantly with our new integrated performance model.

Well-drilling is down by an average of \$46 million per well on Mad Dog 2, through commercial alignment and remuneration on a dollars per foot basis.

We have already replicated this integrated approach in the North Sea and are evaluating further integrated models in other regions.

## Open to new ways of working

This brings me to my final point about being open to new ways of working.

This is important as we are already seeing the benefits that technology, and digital in particular, can bring to our business.

We have algorithms that are helping to maximize production.

We are using supercomputing to discover new reserves with radically improved accuracy and efficiency.

Hi-tech cameras are enabling us to detect and mitigate emissions.

But we can and must do more.

In this constantly-changing industry, no one can afford to stand still for a second.

Does anyone remember Cameron Diaz saying in a movie 5 years ago, 'Nobody understands the cloud'?

Today BP is a cloud-first company and that line feels like ancient history.

And we are only just beginning to realise the possibilities of the BP Stratus system that is the result of a widescale collaboration with industry partners and suppliers, including Schlumberger.

As a matter of fact, Schlumberger's Petrel software is successfully running on BP Stratus today, helping us to work faster, with more agility and greater efficiency.

And to work safer too.

Stratus was designed with hurricane resiliency in mind for subsurface applications. This enabled us to have extra speed and flexibility in our preparations for Hurricane Dorian in the Gulf of Mexico earlier this month.

In BP digital is at the heart of our modernisation and transformation programme.

Our ambition is to be the leading digital Upstream company.

But to realize that ambition we also need the people who have their eyes wide open to the possibilities of digital. People with the ability to visualise the potential for virtual tools to transform analogue activities.

It is why we are focusing so heavily inside BP on being more agile and having the right mindset.

And why we value so highly the partnerships we forge outside BP, with the industry's most open and forward-looking companies.

Companies like Schlumberger.

## Conclusion

To conclude then, I hope I made it clear that I think we have a great partnership.

I also think we have a lot more work to deliver together.

The world needs more energy to prosper.

And that energy needs to be cleaner, better and kinder to the planet.

I also believe we should be positive and optimistic about the role we have to play.

We in this room know that.

But we have a job to do in convincing sections of society.

To show that we do not take our licence to operate for granted. And we share society's concerns. To show that we get it!

And that a successful energy industry is in the best interests for society.



It will not be easy.

But as the much-loved Princess of Monaco, Grace Kelly said:

“You do not get anything for nothing. Everything has to be earned, through work, persistence, and honesty.”

That is why we need to be open about our plans.

Open to working together.

And open to new ways of working.

Thank you.