



Keynote address at CERAWeek conference 2015

Speaker: **Bob Dudley**

Job title: **group chief executive**

Date: **21 April 2015**

Venue: **CERA conference, Houston, Texas**

Thanks so much. This conference is always one of the highlights of the year for our industry. It is a great gathering, and I want to thank Dan and everyone else at IHS CERA for the invitation. I promise to keep my remarks brief so that we have plenty of time for Q&A.

When you all met here a year ago, the energy world looked very different than it does today. What a difference a year can make. Ebola, Ukraine and ISIS were only just on the radar screen. The price of oil seemed unshakably near \$100 a barrel. The landscape for energy has obviously become much more challenging, and companies have been forced to make some significant adjustments to adapt quickly.

BP is no exception: We too have been revising our capex and costs for the lower oil price. And everyone knows we have had our own set of challenges at BP.

This week, we've been reflecting on all the changes BP has made over the past half-decade.

In 2011, here at CERA Week, I laid out what we were going to do – and had to do – to bring some massive changes to BP. We had a responsibility to so many to respond to the tragic accident in the Gulf of Mexico.

It has now been five years since the Deepwater Horizon accident, an event in which 11 men lost their lives, thousands more suffered economic losses, and the Gulf environment was harmed.

We at BP are always mindful of this tragedy. Yesterday, at our sites across the United States, we paused to reflect and pay tribute to those who died. And we believe that the most meaningful way to honor them is to keep the commitments we made in the aftermath of the accident.

We committed then to help the Gulf recover, to become a safer company and to keep the public informed of our progress. And it is in that spirit that I offer this brief progress report.

Helping the Gulf recover

In the years since the spill, we've spent nearly \$14 billion compensating those harmed by the spill, paying more than 600,000 claims.

We've also spent another \$14 billion on response and clean-up efforts that involved more than 100,000 people who collectively worked more than 70 million hours, and we've committed another billion dollars to fund early restoration projects throughout the Gulf. Overall, we have spent or provisioned more than \$43 billion for the accident.

I believe, while not perfect, no company has ever done more, faster, to respond to an industrial accident – and five years later, the results are encouraging.

We know that because we've also spent more than a billion dollars to fund the government's Natural Resource Damage Assessment.

What we've learned from the data collected thus far, while the spill did have an impact on many species and habitats, most of the impact was of relatively short duration – primarily in 2010 – and generally occurring in areas near the wellhead and along oiled beaches and marshes.



We have seen no data indicating a population-level impact on any species. In fact, the data confirms that Gulf species and habitats are recovering rapidly.

Now, there are those who say it is premature to report these preliminary conclusions, given that the Damage Assessment is still ongoing. The fact is that all the data that we have seen - five years' worth - shows no evidence that people's worst fears have been realized, nor is there evidence of a looming disaster in the future.

Instead, the Gulf of Mexico has proven resilient, and is recovering faster than many people expected due to natural processes and the extensive response and clean-up effort.

Becoming a safer company

I'm proud that we've kept our commitment to the Gulf, and I believe we've kept our commitment to become a safer company.

Within days of the accident, even as we were responding to the spill and trying to cap the well, we set out to learn what caused this tragedy.

The lessons we've learned and the changes we've made in the years since – tougher standards, enhanced training, better oversight, new technology – all these additional layers of protection have made us safer and reduced the risk of anything of this magnitude occurring in the future.

Let me give you just a few examples of the improvements we've made.

For starters, BP has fundamentally transformed our upstream organization into a global, function-based business to promote uniformity around the world. So now we have one team in charge of how wells are drilled for BP everywhere from the Gulf of Mexico to the Caspian Sea.

We've recruited additional safety experts from high-hazard industries to augment our team with different perspectives on how to safely operate.

We've also strengthened our training program, with an emphasis on making it more practical.

Here in Houston, we bring employees and contractors together to train in lifelike drilling simulator rooms before they go offshore, so they learn how to respond to difficult situations that might occur in the real world.

And in an example of better oversight, once our teams are deployed to the Gulf, they're watched 24/7 from our Houston Monitoring Center, where a team of experts is able to see what's happening on the rig through live video and data feeds. Together they can help track a well's behavior in real time and address any problems that might arise.

Among the new technologies developed since the spill are enhanced blowout preventers and capping stacks. The combination of double blind shear rams in blowout preventers and capping stacks deployed around the world has improved the industry's response capabilities and greatly reduced the risk of a spill the size and duration of Deepwater Horizon.

We've also created a dedicated team to share what we've learned with industry and governments around the world so that we can all operate more safely.

Ultimately, after all the lessons we've learned, and all the changes we've made, it's clear that safety comes down to individuals. It was true before the spill, and it is even more so today – that each and every one of our employees and contractors feels not just the right, but also the responsibility to stop any job that seems unsafe.



All of us wake up every day focused on delivering energy to the world in a safe, reliable manner, while protecting our workers, our communities and the environment.

Conclusion

BP's work since the accident – in the Gulf, on safety and on the full range of our business operations – has changed our company profoundly.

We have divested more than \$40 billion in assets while investing in some other strategic ones – thus reducing risk and creating a stronger portfolio – and we've reached our target of increasing operating cash flow by 50 percent over three years.

This has left us better positioned to weather the storms the industry is now facing.

We're exerting capital discipline and making some very tough decisions, but we're still investing in long-term, value-creating projects where it makes sense.

We're also simplifying the company wherever we can to promote greater efficiency and drive down costs throughout the supply chain, just as you all are doing. But never at the expense of safety.

So I believe we have become safer, stronger and better performing, though of course we still have more to do in today's difficult environment. We have done all this while keeping our commitment to the Gulf.

I know Dan will be covering additional topics, but I wanted to give you this progress report five years on. Thanks again for having me.