



# Bob Dudley speech, North Sea HQ, Aberdeen

**Speaker:** Bob Dudley

**Title:** group chief executive

**Speech date:** 13 October 2011

**Venue:** North Sea HQ, Aberdeen

This speech was delivered by Bob Dudley alongside the UK Prime Minister David Cameron at BP's North Sea headquarters in Aberdeen. The event attended by BP staff and media, was held to mark the UK Government's approval for the second phase of development of the giant Clair field to the west of the Shetland Islands - the "Clair Ridge" development.

Welcome and thank you all for coming today.

I want to extend a special warm welcome to Prime Minister Cameron. Thank you very much for taking the time to join us on this significant day in the history of the North Sea.

I very much look forward to your remarks in a moment. For me, it's great to be back in Aberdeen. I lived and worked here in the 1980s. The city vibrated then as the global centre of the offshore oil and gas industry. And it continues today to provide innovation and expertise for the global energy industry.

I have heard the North Sea oil and gas industry described as the UK's greatest post war industrial success story.

It is hard to disagree with that when you look at some of the achievements. Since the late 1960s, collectively the industry has invested approaching 300 billion pounds in exploration drilling and field developments. A similar figure has been paid into the Exchequer in corporate taxes. BP alone has invested around 35 billion pounds into the UK North Sea, and has contributed over 40 billion pounds to the Government in taxes.

40 billion barrels of oil and gas equivalent has been produced from the UK Continental Shelf, and the industry still supports almost 450,000 jobs here. However, since the year 2000, UK production has shown a steady decline – probably a steeper decline than many predicted. Although around 90% of the UK's oil demand, and well over half of its gas demand, is still met by British supply – today's production is only around half what it was a decade ago.

However, after a decade of decline, BP now sees the potential to maintain its current levels of production in the North Sea until the year 2030.

What happens beyond 2030, is of course harder to predict, but we are currently working on projects that will take production for some of our largest fields out towards 2050. To date BP has produced about 5 billion barrels of oil and gas equivalent from its North Sea acreage. Based on current estimates, we believe we have the potential for at least 3 billion more. Realising this potential will not be easy or straight forward, but we believe we are laying the foundations for success.



In recent years we have trebled our investment in acquiring new seismic data. This is allowing much clearer imaging of the reservoirs, which in turn will allow better targeting of wells, and better recovery of hydrocarbons.

We are also employing state-of-the-art enhanced oil recovery techniques, and looking to take that technology even further as we plan new field developments. And we are investing huge sums to improve the reliability of our platform and pipeline infrastructure – so that they can operate efficiently for many years to come. We are also determined to progress those projects that remain economically strong, to bring much needed energy security, revenue and jobs, to the nation. And that brings me to the primary reason we are here today.

That is – to celebrate a very special period in BP’s long North Sea history. Over the next few years, we will be bringing on stream four new UK field developments, more than we have ever done over a comparable time period. These projects represent almost 10 billion pounds of new investment into the UK Continental Shelf by BP and its partners.

That of course is in addition to the ongoing £1.5 billion we invest annually to operate and maximise recovery from our existing fields, and to maintain our platforms, plants and pipelines.

As a key part of this investment programme, today, I am very pleased to be able to announce that BP and our partners, Shell, ConocoPhillips and Chevron, have received Government approval for the second phase of development of the giant Clair field to the west of the Shetland Islands – the “Clair Ridge” development.

This is a 4.5 billion pound project. It covers the design, engineering and construction of two bridge-linked steel platforms, which will reach an estimated 640 million barrels of oil equivalent, and provide many hundreds of U.K engineering, drilling and oilfields services jobs over the field life.

This is in addition to the 600 people working directly on this project right now. The field is planned to come on stream in 2016, and will extend the productive life of the greater Clair area beyond the year 2050. In addition, along with our partners, I can announce the successful exploration and appraisal of an additional extension to the Clair Field, called “SouthWest Clair”, which confirms our estimate of oil in place for the overall Clair Field complex at now over 7 billion barrels.

Not only did our recently completed well prove up productive hydrocarbons in this part of the field structure, but it encountered a significant hydrocarbon column in a younger, overlying reservoir horizon. We are now confident of further development of the greater Clair field area in the future. Moving from the West of Shetlands, to the central North Sea, on behalf of partners BP and RWE, I can also confirm a significant milestone reached in the development of the Devenick gas field, which will be tied back to Marathon’s East Brae platform.

The 600 tonne Devenick module constructed at the McNulty yard in South Shields, was successfully lifted onto the East Brae platform a little over a week ago. This 550 million pound subsea development, at its peak, has provided over a thousand UK design, engineering and construction jobs, and when it comes on stream, will make a material contribution to the nations gas supply needs – alone meeting about 2-3% of demand.

As I said previously, these projects, when placed alongside our summer announcements of the redevelopment of the Schiehallion and Loyal fields and the development of the Kinnoull field, represent almost 10 billion pounds of new investment for Britain.

At their peak, taken together, these projects will provide on the order of 3000 UK oil and gas supply chain jobs, and will obviously play a major part in sustaining the more than 3500+ jobs already



existing in BP's North Sea operations. This investment reflects our confidence in the Region, in our UK suppliers and service providers, and in the fantastic people we have working for us in our North Sea business. In our industry, there will always be challenges to overcome, and rightfully, we focus the majority of our time and attention on overcoming those challenges and running safe and reliable operations.

Sometimes however, it is good to step back to acknowledge achievements and to celebrate milestones reached. This is one of those times.

I am delighted to hand over to The Prime Minister.