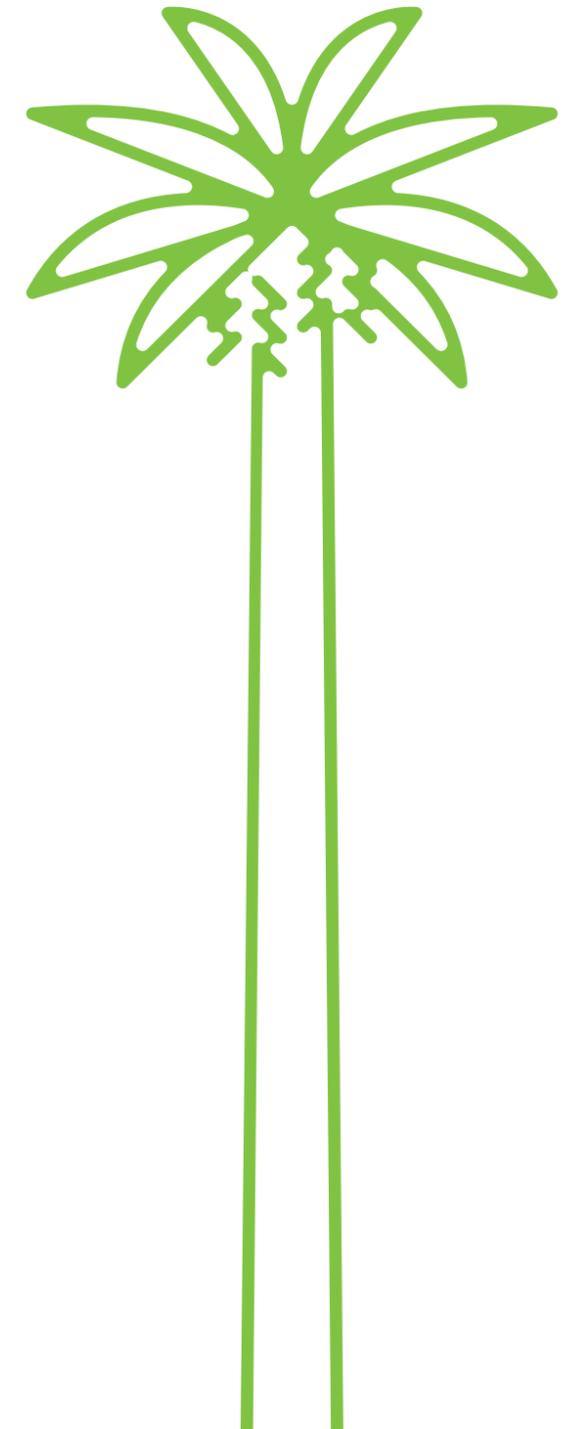






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## ■ Introduction



**Yousuf bin  
Mohammed Al Ojaili**

President, bp Oman

Welcome to this review of bp's contribution to Oman's society and economy. The publication of this review, bp's first in Oman, underlines our aim to be a leader in transparency of reporting.

bp has been in Oman since 2007. Since Block 61's Khazzan development was sanctioned in 2013, we've developed one of the Middle East's most challenging tight gas reservoirs, building a small city in the middle of the desert to deliver Oman's energy. Last year, 2020, was an especially exciting year as we started up Phase 2 of this development, Ghazeer, safely and ahead of schedule.

And whilst our role as an energy provider is core to what we do and a key contributor to Oman's economy, our impact is much broader.

This review looks at some of the other impacts that arise when a business is deeply embedded in the social fabric of a country, in areas such as people, society and the environment. Our social investment programme, for example, benefitted nearly 18,000 people in 2020. We also helped develop some local contractors into internationally competitive companies.

Oman is a strategically important country for bp and we're extremely proud of our partnership with the Sultanate.

On behalf of everyone at bp, we look forward to continuing to contribute to Oman's future success and prosperity.

## ■ Foreword



**H.E. Mohammed bin  
Hamed Al Rumhy**

Minister of Energy and Minerals

It gives me great pleasure to introduce bp's first socioeconomic review in Oman.

Oman's oil and gas industry is a key part of our 2040 Vision to support energy security and the national economy. Block 61 is a core part of that contribution, one of the Middle East's largest and most challenging gas fields.

We are proud of our partnership with bp in the development of this important resource. As well as benefitting from their global experience, and pioneering technologies and approaches – such as green completions – it's encouraging to see their commitment to Oman's economy and society.

This review shines a light on some of the ways bp is helping to develop our local capability, support Omani companies and give back to society.

As the country progresses towards a diversified, sustainable and competitive economy, based on knowledge and innovation, partnerships such as the one with bp will continue to be important.

My thanks to the team at bp for the contributions they are making towards Oman's future.

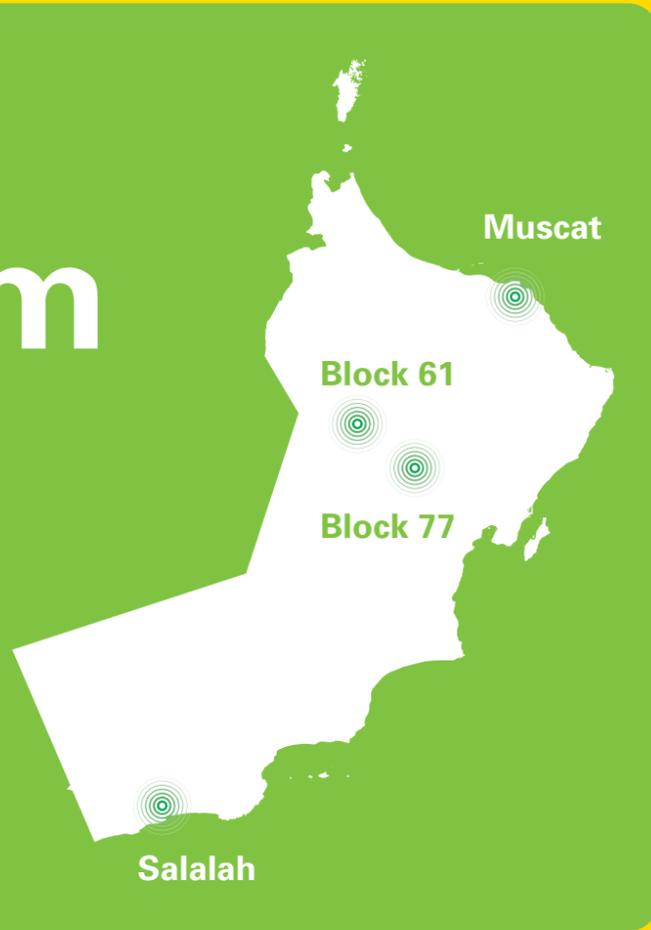
# Highlights

**\$745m**

Total expenditure.

**\$1.5m\***

Block 77 capex.



\*bp is a 50% partner with ENI in the exploration phase of Block 77 which includes seismic data processing and the drilling of one exploration well



**\$610m**

spent with Omani registered companies (90% of total spend).

**\$142m**

ICV actual spend.



**17,967**

people impacted through our social investment programme (94,000 since it launched in 2014).



**4,202**

people employed through bp contracts (on average across 2020).

**506**

Omani employees in 2020.



**85%**  
Omanization rate.

**\$4.5m**

spent on social investment programmes.



**50%**  
Omanis on the leadership team.

# Our business

bp has had a presence in Oman since 2007 and is a major investor in the country. As one of the world's pioneers in tight gas production, bp has brought technology and experience to develop one of the Middle East's largest unconventional gas resources in the Sultanate's Block 61.



## Block 61

The Block 61 partnership includes bp as operator with a 40% interest, OQ with a 30% interest, PTTEP\* with a 20% interest and Petronas with a 10% interest.

Production from phase one of Block 61, Khazzan, started in 2017.

In October 2020, production from phase two, Ghazeer, started safely, with capital discipline and significantly ahead of schedule.

\*PTTEP joined the Block 61 partnership in 2021.

## Block 77

In January 2019, bp and ENI signed an EPSA agreement with the government to work jointly towards an exploration opportunity in Block 77.



## LNG

bp Trading and Shipping purchases LNG from Oman LNG under a seven-year deal that started in 2018.



Production technicians at Block 61's central processing facility



## Block 61

is one of the Middle East's largest unconventional gas resources.



Block 61 has the capacity to deliver approximately

**35%**  
of Oman's total gas demand.

For more about bp in Oman, please visit [www.bp.com/oman](http://www.bp.com/oman)

# Supporting sustainable development

We're proud to support the sustainable development of Oman's economy, which we do through three main strategic pillars:



supporting local business growth and overall economic productivity.



encouraging the development of Omani skills and capability.



generating employment and training opportunities.

## Vendor development programme



Abraj Energy Services driller and assistant driller at a Block 61 rig

### Abraj Energy Services

We're supporting Abraj Energy Services to become a global market leader in providing well stimulation services and compete with multinational companies in the Middle East and beyond. In 2020, Abraj successfully completed its first well stimulation in Block 61, marking a significant milestone in our relationship with the Omani well services contractor. The well, located in the Ghazeer field, also represents one of the largest stimulations completed by Abraj.

**"We're delighted to have worked with bp to deliver this well stimulation, proving the capability of a local company to perform one of the most complex services in well engineering and in one of the most challenging reservoirs. We've been grateful for bp's continuous support, technical advice and for providing us the opportunity to demonstrate our capabilities."**

Abdullah Al Hady  
Abraj managing director

### MODUS

MODUS is an Omani SME which manufactures drill bits in-house. We signed a contract with MODUS to use its 17 1/4" drill bit on Block 61. We then worked with the company, via a vendor development programme, to help it develop a competitive 12 1/4" drill bit and provide technical support through bp's global team. The final agreed design was manufactured in MODUS Rusayl facility.

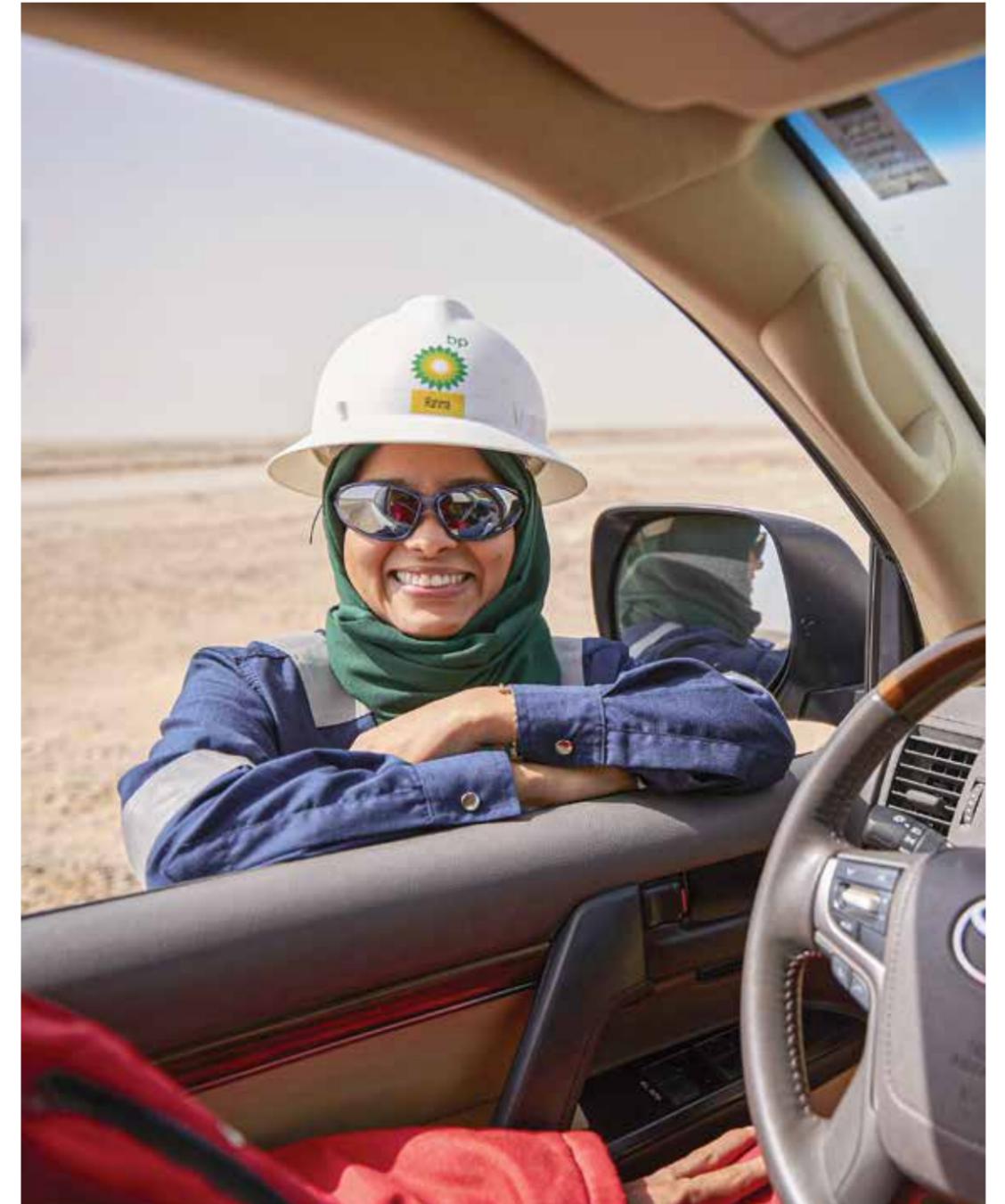


Well testing and cleanout contract - previously held by a international service provider - awarded to **FOS Energy LLC**. Work starts 2021.



# 2020

Abraj successfully completed its first well stimulation.



Rahima Al Talai, senior continuous improvement engineer

## Local economy

### Ring fenced opportunities



As part of the initial Khazzan development, local company Al-Ez was awarded a civil works contract which included well pad construction, infield road construction, road repairs and various other small civil works.

Based on Al-Ez's performance and growth during the development of Khazzan, bp worked with the Ministry of Energy and Minerals to ring-fence a significant scope of work for the company on Ghazeer in 2020.

### Improving worker welfare rights



Sarooj Construction Company LLC has worked with bp since 2014 on both the Khazzan and Ghazeer projects. Recognizing the importance of worker welfare and complying with international human rights standards, bp worked closely with Sarooj to raise the quality of its relevant worker welfare internal policies. Today, Sarooj is one of our most progressive contractors in this area, demonstrating to others that the 'employer pays' principle works. This was a fundamental change for its business, as it's had to update its hiring policies at a corporate level, not just for bp.

### Growing in-country value



When Petrofac started work on the Ghazeer project, we set a demanding ICV target of \$275m, equating to around a third of the total project value. This included elements such as the procurement of 'Made in Oman' goods and services, the use of local vendors, and the employment and training of Omani nationals. We reviewed Petrofac's performance against these targets every quarter.

By the time Petrofac handed back the new facility, the true ICV exceeded \$311m – around 13% more than originally targeted.

Examples include Oman-based STS Group fabricating, testing and transporting the Ghazeer glycol package module. Oman Cables landed one of the biggest orders of the entire facility, producing some 500 kilometres of cable in just four months. And Muscat-based Bahwan Logistics handled almost all of the in-country freight, including 1,000 containers, 2,000 trailer trips, and 200 trips of oversized equipment on axles.

**Petrofac hired 22 Omani graduates specifically to work on the Block 61 facility.**



**\$311m**

**The Ghazeer project's ICV target was exceeded by 13%.**



Mashaal Al Ghafri, control room operator

# 2020



**\$677.6m**

Total supply chain spend.

**\$28.6m**

total direct SME spend.



(4% of total supply chain spend) either through direct contract awards or through third party contracted services.



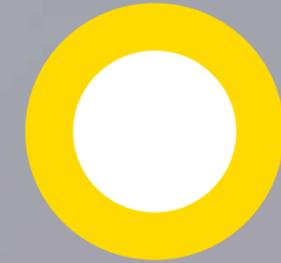
**\$610m**

Total spend with Omani registered companies (90% of total spend).



**\$141.8m**

Actual ICV spend (21% of total).



**63%**

Omanization of our contractors' workforce.



# Towards a self-sufficient future



SERC planting at an international school in Salalah

Sustainability is the foundation of our strategy. Our sustainability frame focuses on making a real difference to the environments in which we operate.

bp's social investment programme is a unique model that was established in 2014 with an aim to serve and empower local Omani capabilities in driving Oman towards a self-sufficient and progressive future.

bp currently runs 25 programmes in Oman with the support of 18 partners. Over 94,000 people have benefitted directly through 106 initiatives for the last seven years. In 2020 alone, 17,967 individuals benefitted from our social investment programmes under three main themes: economic development, education and energy sustainability and environment.

### **Fabtech Mobile Lab Programme by InnoTech (education)**

The programme launched Oman's first mobile lab (Fabtech bus) with the aim of educating over 2,500 students in 26 schools around the Sultanate on the latest technologies such as 3D printing and virtual reality. In 2020, workshops were delivered to students via virtual platforms.

bp also supported InnoTech to manufacture 4,000 mask shields using 3D printing technologies. These mask shields were donated to health institutions to protect medical staff against Covid-19.

### **SailFree by Oman Sail and the Oman Paralympic Committee (education)**

SailFree, in partnership with Oman Sail and the Oman Paralympic Committee, is the first of its kind in the region. It targets 105 physically impaired Omani youth to compete for 12 spots in the national parasailing team. The programme also offers its instructors training to cater to each individual need, in collaboration with the Armed Forces Hospital.

### **Khazzan for SMEs (economic development)**

In partnership with Sharakah (the fund for the development of youth projects) the Khazzan for SMEs Development programme aims to empower small and medium enterprises (SMEs) in Oman. In 2020, the programme targeted 15 SMEs. It also won Riyadh's 'best development initiative' and was a finalist in ADIPEC's awards in the 'social contribution and local content project' category.

### **SERC (energy sustainability and environment)**

The SERC (Social and Environmental Reforestation Cooperation) programme aims to develop the capacity of nature-based, water-saving, carbon negative reforestation solutions by planting trees in the Dhofar region. The programme successfully planted over 3,000 trees and aims to remove 150 tonnes of greenhouse gas emissions per year, while also creating awareness and employment opportunities surrounding tree plantation.



Activities on the Fabtech mobile lab bus



# 94,000+

People have benefitted directly through 106 initiatives since the programme launched.



# 17,967

Individuals benefitted from our social investment programmes, in 2020 alone.

# Developing great leaders

People are our most valuable asset and are core to our success. We're committed to developing a world-class team who live bp's values every day.

To achieve this, we're focused on developing great leaders and growing the right capabilities – underpinned by a safe, diverse and inclusive culture, where everyone feels valued and able to deliver to the best of their abilities.

## Omanization

Through our exciting career opportunities, world-class development and inclusive working culture, we are able to hire some of the best and brightest talent in the Sultanate.

**At the end of 2020, we reached over 85% Omanization at bp. Our goal is to reach 90% by 2025. Over 50% of our leadership team is currently represented by Omanis.**



**Marwa Al Rawahi**  
Completion and intervention engineer

## Challenger programme

Over 80 Omani graduates have been recruited to date through the bp Challenger programme.

**“Being in bp’s Challenger programme is all about self-drive and seeking opportunities. I recently completed a short-term assignment as a completion and intervention engineer in the Gulf of Mexico to learn more about offshore operations - a completely different environment than my work in Khazzan.”**



**Mashaal Al Ghafri**  
Graduate from the technician development programme

## Technician development programme

In 2012, bp set up a technician development programme in which candidates from technical colleges and universities across the Sultanate complete a four-year programme, including 18 months working towards a National Vocational Qualification. More than 100 technicians were trained, 84 of whom now work at Block 61 as mechanical, instrumental, electrical and production engineers.

Some of these technicians and graduates have also had the opportunity to work with bp's partner OQ and Oman LNG, thanks to an agreement between the three companies.

## Developing local talent



**Maryam Al Farsi**  
Process engineer challenger

Maryam Al Farsi has beat global competition to win this year's Tallow Chandler Technologist Award for her work on a condensate optimization project in Block 61.

The awards celebrate excellence in innovation and the application of technology by our engineer and scientist challengers across bp globally.

**“I’m incredibly proud to be the first Omani female engineer to have received this award. It is my honour to represent bp and Omani females, showing how we are capable of competing not just locally and regionally, but also globally.”**



**Badar Al Harthy**  
Middle East performance senior manager

Badar Al Harthy is a prime example of bp's focus on developing local capabilities.

From a subsurface team lead engineer, Badar completed a three-year overseas assignment as a portfolio advisor in the UK and a subsurface resources analyst in Houston. This built Badar's capabilities and he took up a leadership role when he returned to Oman.

**“This experience was great for my development. It allowed me to move laterally through the business, from subsurface to finance. I was given the chance to be one of the few who analysed and evaluated bp’s global portfolio.”**



**Mohamed Najwani**  
VP wells

Working abroad is a recognised way to gain and share knowledge and experience. Employees regularly work in our worldwide operations, helping to boost their capabilities.

**“I worked in Egypt as the wells manager for North Africa. Managing the offshore operations and working with non-operated joint ventures was a fantastic experience which really set me up for a leadership role when I returned to Oman.”**



**Samar Al Azri**  
People and culture business partner

**“I spent 18 months on an assignment in London supporting Iraq and Algeria’s joint venture businesses. The opportunity gave me great exposure and I very much enjoyed working with experienced and talented co-workers and leaders. I had the chance to work on key initiatives, such as the implementation of the new secondee framework, and supporting the operations in Iraq with nationalization initiatives.”**

# Reimagining energy

bp aims to be a very different kind of energy company by 2030 as we scale up investment in low-carbon, focus our oil and gas production and make headway on reducing emissions. Our new strategy kickstarts a decade of delivery towards our #bpNetZero ambition. Visit bp.com to find out more.



Our social investment partner, Shams Global solutions, installing solar panels at GUTech

## Our low carbon plan

In Oman, we have developed a low carbon plan to support bp's global ambitions to achieve these aims:

- 

**Aim 1:** Getting to net zero across our entire operations on an absolute basis by 2050 or sooner.
- 

**Aim 2:** Getting to net zero on an absolute basis across the carbon in our upstream oil and gas production by 2050 or sooner.
- 

**Aim 4:** Install methane measurement at all our existing major oil and gas processing sites by 2023, publish the data and then drive a 50% reduction in the methane intensity of our operations.



Said Al Kharousi, project manager

We have also aligned our plan with the Oman government's regulatory requirements in term of green-house gases (GHG) and flare reduction which we report on annually in the climate affairs report.

## Green completions

As part of bp's pledge to advancing the low carbon agenda, Khazzan was the first field in Oman to introduce 'green completions'- a zero flaring concept, where hydrocarbons produced during well test operations are 'cleaned' and then routed to processing facilities for export rather than being flared.

bp has now successfully delivered 23 wells and re-tested three wells in Oman using the 'green completions' concept. Green completions safely reduced over 148,000 tonnes of CO2e in 2020, 111% higher than planned. Since 2019, over 240,000 tonnes of CO2e emissions were saved - equivalent to removing 52,000 cars from the road for a year.

### Methane monitoring technologies

In addition to our CO2e emission reduction objectives, we are also focused on identifying and, where required, eliminating our methane emissions.

-  Piloted a state-of-the-art methane fugitive emissions technology which has the ability to identify very small gas releases at the plant.
-  Conducted surveys of our flares to determine the combustion efficiency.
-  Analyzed and improved our flare metering accuracy through engineering assessment and calibration.

### Thermal technology to treat drilling muds

To align with bp’s sustainability aims and ensure continuous improvement methods, the use of oil-based muds in appraisal wells has been phased out and replaced with water-based muds.

bp has introduced a thermal desorption technology to separate oil from oil-based mud cuttings. We’re currently working with the Environment Authority to reuse the treated mud-cuttings for future road and well pad constructions within Block 61.



**148,000**  
tonnes of CO2e emissions saved in 2020.



**240,000+**  
tonnes of CO2e emissions saved since 2019.

Sunset at Block 61

This review is made entirely with recycled paper and vegetable-based inks.

