



Reinventing bp - Production & Operations (P&O) GoM & Canada Strategic Direction

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GoM & Canada Strategic Direction

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Purpose of this document

This paper outlines the strategic direction of GoM-Canada within the context of P&O. It provides a frame of reference to steer design efforts and highlight potential conflicts for resolution across P&O and related entities.

It starts by laying out an ambition and goals for the next three years. Then it describes how it will operate, including activities performed, accountabilities, interfaces and underpinning capabilities. Finally, it outlines what will be done to capture efficiencies.

1. Ambition

Describe the purpose of this team. Specify goals for 2023 that deliver against the function of P&O, which is to strengthen safety performance, reduce carbon emissions and maximise efficiency to fund investment. Consider bp's ambition, five aims to become a net zero company and the potential for digital transformation.

The purpose of GoM-Can Region as underpinned by the Region Development Plan (RDP) is to be the basin leader by 2023, by safely delivering value-creating growth and strong cash flows. As the premier explorer, efficient developer, and operator, we aim to:

- be known for execution certainty
- solving big challenges faster and better, using digital and agile to yield a step-change in resource opportunity & productivity, and
- aligning with bp's bigger purpose for energy transition

The quality of our business will distinguish bp in GoM-Can as employer and partner of choice with one of the most efficient operations and the lowest carbon footprint in the basin. Our ambitions are:

- No accidents, incidents or harm to the environment. Top tier safety performance
- Take care of our people and our hubs
- Complete the journey to fill our hubs, keep them full, and extend their life
- Build new hubs to grow and sustain the business with competitive metrics
- Lead the way on bp's low carbon transformation in line with group ambition toward Scope 1& 2 CO2 neutral by 2050. Instil a strong carbon mindset & ownership at all levels.
Monitoring in place by 2023 for all emissions
- Deliver business priorities leveraging leading-edge technology and inculcating a digital mindset
- Organizational size at top tier of highly effective offshore operators
- GoM-Can ELT refreshed through Tier 4; leadership motivated to deliver entity purpose
- Business goals for 2023 are as follows:
 - o Generate free cash flows (FCF) of >\$1.5bn at \$40/bbl (2020 real) or >\$0.4bn at \$30/bbl (2020 real)
 - o Maintain production at around 400mbd
 - o Achieve breakeven point to below \$30/bbl
 - o Capital expenditures less than \$2bn (excluding CoreX success)
 - o Opex rebased to ~\$1.5bn

The scope of this document excludes the development and performance management of strategic options regarding way forward on Canada business. Separate workstream is in place to tackle this.

2. Activities

Provide a high-level overview of the activities to be performed by this team. Highlight related activities that fall outside of this team's scope where this helps to clarify scope boundaries with other teams.

To deliver the ambition as outlined above, the following are Region priorities underpinned by activities:

- Safety & Environment:
 - o Continue process and personal safety journey
 - o Install methane measurement at our hubs, publish the data, and monitor
 - o Progress a major carbon reduction project CCUS, Power from shore or Paleogene EOR to appraise stage
- Fill our hubs:
 - o Thunder Horse South Expansion Phase 2 & Water Injection Expansion
 - o Atlantis Phase 3
 - o Na Kika growth projects (Isabella infill, Manuel Development, Herschel Expansion)
- Keep our hubs full:
 - o Water management on Thunder Horse and Atlantis
 - o Facility Life Extension on Na Kika
- Build new hubs:
 - o Mad Dog 2 (Argos) commence operations
 - o Successfully deliver 2 CoreX exploration wells (Galapagos deep, Puma)
- Take care of our assets:
 - o Maintain reliability of current injection capacity and planning for future
 - o Optimize turnarounds and other planned outages to avoid/minimize deferrals
 - o Complete maintenance build, price books and bill of materials projects to deliver touchless purchasing of 60% of materials
 - o Deliver best in class backlog management and a clear 5-year activity plan for major integrity work
- Efficiency & Innovation:
 - o Technology: 4D Ocean Bottom Nodes (OBN) seismic, Wolfspar, Distributed Acoustic Sensor (DAS) & LoSal
 - o Low cost well work intervention programme
- Take care of our people:
 - o Deliver people plan: empowered workforce, adaptable ways of working, and inspirational leadership by focusing on:
 - health and well-being
 - D&I including minority ambition and speak-up
 - recognition and engagement, and
 - leadership development.

Out of scope:

- Inorganic activity or major acreage acquisition, divestment, or refinancing via business development

3. Accountabilities

Articulate what this team will own and be accountable for. Include ownership of P&L (if any), plants and assets, operations, types of projects, practices, standards, capability development and performance management. Highlight potential grey areas with other teams/entities and make recommendations on how to delineate them.

Key accountabilities:

- Set and implement region strategy aligned with bp vision/aim; bring the best of the functional model to deliver the Regional Development Plan (RDP) and Activities described above
- Recognizing the importance of the RDP/ADP as the regional/business (function) driver, the two main points of integration/ aggregation are Region and Area
- Region:
 - o Deliver business goals via integrated approach at the Regional Leadership Table (RLT) and across the Areas in the region
 - o SVP leads through a core group (Figure 1) of RLT members to deliver business goals/integration with an agile approach and framework
 - o RLT members continue to deploy a mutually beneficial and reciprocal approach by aligning business' (function) agendas with regional priorities
 - o With a business mindset the integrated RLT team is responsible for:
 - Safe, reliable, and compliant operations
 - Building a culture of care and speak up
 - Ownership of business profitability (P&L) and cash flows
 - Maintaining integrity of assets
 - Resolve Area escalated issues and remove impediments
 - Define priority projects to address business problems or opportunities
 - Performance manage area plans to ensure in-year/ multi-year delivery
 - o Follow Region Week Cadence aligned with all P&O regions.
- Area:
 - o Area Leadership Team (ALT) represents cross-functional leadership of the Areas
 - o ALT is responsible for business profitability (P&L) and cash flows for their area
 - o Coordinated by Strategic Integration Advisor (SIA), with core members including representation from Subsurface, Production, Wells, Projects, and Finance
 - o Focus on Area integration around the following key activities:
 - Production delivery
 - Drilling, completions, and well interventions
 - Rig schedule management
 - Project progression and field development
 - Identifying/mitigating risks to Plan delivery, & escalate decisions to RLT
 - Maintain co-owner alignment.
- SVP together with support from VP Finance oversees partner interface and JV management- ensure co-owner alignment with bp's direction

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- Business/Functional VPs also ensure timely provision of resources (including people) to deliver agreed region activity set with quality & efficiency

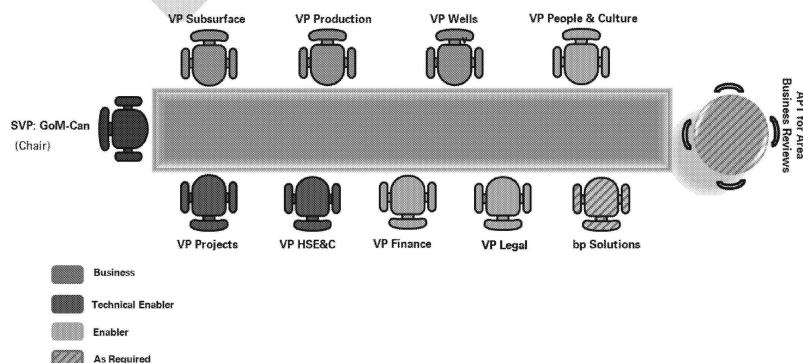


Figure 1

4. Interfaces

Outline interfaces with the other teams within P&O and with other entities based on how activities cut across the organisation. Consider the activities above, what this team receives and what it provides to others.

Within P&O:

- Strong interfaces will exist with every P&O team except for Refining & Chemical Operations, which will be largely managed by Trading & Shipping
- Finance, legal, and people & culture leadership represent members of the core RLT team delivering their agendas in an integrated/agile manner with RLT
- Continuing the agile approach VP Finance will represent all business accountabilities including PSCM, OBO, ARC, BD.
- PSCM to be represented at the Operating Businesses (Functional) leadership meetings for Projects, Production, and Wells

Between P&O and other entities

- **Trading & Shipping:** VP Finance interfaces to ensure flow assurance and optimal margins for the Areas
- **Regions, Cities & Solutions:** to assess and implement Integrated Solutions in GOM-Can, and to ensure appropriate systems in place around Crisis Management & NOJV Excellence. SVP acts as an interface with Region, Cities, & Solutions and delegates to RLT depending on scope.
- **Innovation & Engineering:** (specifically S&OR Assurance, Engineering, Production Digital, Digital Ops, Digital Sciences & Physical Sciences). VP Projects acts as an interface to further GoM-Can's innovation & engineering priority projects.
- **Strategy & Sustainability:** VP Finance interfaces to gain Competitor Insights, Market Analytics, Strategy, Portfolio Management & Capital
- **Gas & Low Carbon Energy:** VP Subsurface interfaces to progress carbon negatives opportunities and regional power requirements

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- **Bp Solutions:** VP Production interfaces to ensure the region can leverage synergies and standard solutions; development & maintenance of systems & tools to underpin staff productivity, and lead efforts to scale up digital transformation

5. Core capabilities

Provide the shortlist of core capabilities which are most critical to achieving the ambition and a brief description of why they are important. Highlight where capability gaps exist today.

Capability area	Importance	Gap assessment summary
HSE and S&OR Risk Assurance	Maintenance of region safety culture & performance	TBC
Production (Operations)	Ongoing management of production facilities to deliver safe & reliable revenue	TBC

Subsurface	Stewardship of region resources, development planning, exploration plans & long-term volume forecasting	TBC
Wells	Deliver drilling, completions, well interventions, & well integrity activities in support of development plans, closely integrated with new well delivery cycles	TBC
Projects	Delivery of Cat A/ B and Carbon projects including region-wide power supply and water injection. Transition to all-subsea infrastructure	TBC
Finance	Steward region's financial frame and ensure financial integrity; integrates planning, commercial operations, business development, accounting reporting & control, PSCM, & OBO	TBC
Legal	Steward bp's legal integrity and appropriately manage legal risk	TBC
People & Culture	Ensure all aspects of the P&O agenda are integrated and aligned with the strategic priorities of the Region	TBC

6. Sources of efficiencies

Outline what this team plans to do to reduce headcount and third party spend, and enhance operational efficiencies to drive risk reduction and revenues across P&O.

#	Initiatives	Headcount	Third Party	Operational
E.g.	Standardise and optimise turnarounds	✓	✓	✓
E.g.	Centralise activity in remote collaboration centre	✓	-	✓
1	Subsea capability, decision making, and supplier interfaces further consolidated			
2	Water Injection			

- 3 Maintain Stable rig schedules and activity plans
- 4 Execution Efficiency Program
- 5 Limit POs & Material Masters
- 6 ZBB Workstreams

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