



THE MARKET

World oil consumption is huge and rising. In 1995, for example, the world used 3227 million tonnes of oil, of which Australia's share was 35 million tonnes (780,000 barrels/day). The market is growing at about 1-2% for the main product - gasoline - and at around 3-4% for diesel and jet fuel. As one of the world's major oil companies, BP's market share is close to 20%. World natural gas consumption in 1995 was 1884 million tonnes oil equivalent (18 million tonnes oil equivalent in Australia).

ACHIEVEMENTS

The sheer scale of BP's achievement is staggering. Worldwide, BP has annual revenues of some £44,731 million (1996), a workforce of 56,000 people across 100 countries, and regularly ranks in the world's top ten companies. It has well established operations in Europe, the USA, Australasia and Africa, and is currently expanding in southeast Asia, South America and Eastern Europe.

BP's geologists and petroleum engineers, however, have a remarkable record for locating big oil and gas fields, and for turning them into efficient and profitable operations. In the UK, BP accounts for about one in five barrels of oil production and more than 10% of the country's natural gas. It was BP which made the first major gas find in the North Sea, in 1965, and oil discoveries were not far behind. In 1970 BP found the Forties field, the largest in the UK sector of the North Sea. Since then, BP has developed major fields in both the UK and Norwegian sectors of the North Sea. Using innovative technology, BP also operates Europe's largest onshore oilfield in southern England.

BP is the largest producer in the US, producing about one-twelfth of all US oil. The company holds 51% of the giant Prudhoe Bay oilfield in Alaska, and this major field - developed in the 1970s in some of the harshest terrain in the world - still accounts for much of BP's US production.

Off the northwest coast of Australia, BP has a one-sixth share in the \$12 billion North West Shelf oil and gas development project, Australia's largest commercial venture of any kind. Seven million tonnes of liquefied natural gas (LNG) from the project is exported to Japan every year, with other buyers in Korea and Europe and in mainland Australia.

The North West Shelf is already producing earnings for Australia in the same league as the country's revenues from coal, wheat and wool, and fresh gas discoveries were made in the area in the last year.

BP Australia is headquartered in Melbourne and new development and exploration activities in the region are managed from here.



Among these activities are major development projects in Papua New Guinea.

BP's interests in oil and gas around the world give it reserves which will last it for at least a decade, even though BP's production levels are rising all the time.

Currently, BP sells and trades more than three million barrels of refined products every day - enough to supply the entire oil needs of Germany.

HISTORY

Though it is one of the world's best known British companies, BP was founded with Australian money.

The story started in 1883 when William Knox D'Arcy, a young lawyer from Devon in England, came to Queensland to work in his father's law firm. From the start D'Arcy had an eye for the earth's hidden treasures, and he quickly made a fortune from Queensland gold. He at once started looking further afield for underground gold of a different kind - the black, liquid gold which had made rich men out of its discoverers in the USA. D'Arcy had vision and faith: against much current opinion he believed there was oil to be found in the British controlled territories of the Middle East, and backed his hunch by sending a team to look for oil in Persia (now Iran).

His team toiled for seven years, while D'Arcy's fortune dwindled and many in the oil business laughed at him. Then on 26 May 1908 a fountain of oil burst skywards from a huge underground reservoir at

Masjid-i-Suleiman. D'Arcy's faith was vindicated, the Middle East's glittering era of oil prosperity was launched, and, in time a company called British Petroleum (BP) was formed with D'Arcy as its founder. BP Australia was established a few years later, in 1920.

Today, 90 years after its foundation, BP is among an elite handful of the world's premier companies. Its core business, however, remains oil, gas and petrochemicals. And despite the huge technological advances since D'Arcy's time, the basic chain of the business remains what it has always been: exploration, production, transportation, refining, chemicals, processing, and marketing.

THE PRODUCT

Finding and producing the oil ('upstream' activity) is only one part of the chain. Turning that raw material into a quality product - the 'downstream' part of the business - requires a different set of skills and a huge and complex infrastructure.

Natural gas can be used as a fuel with minimal processing, but crude oil needs meticulous processing to turn it into the distinct fuels that power cars, trucks, ships and planes, and into the vast range of lubricants which modern industry needs. Further processing still is needed to produce the bewildering variety of chemicals, used for everything from agriculture to pharmaceuticals, which can be extracted from hydrocarbons.

These downstream activities centre on the refinery, and BP's

“BP”

1922 - 1931



BP The Quiet Achiever

refineries supply fuels to almost every sector of industry and commerce - haulage firms, light and heavy manufacturing enterprises, power stations, offices, shops and agriculture. The company's comprehensive range of lubricants, hydraulic oils, cutting fluids and greases is sold all over the world.

BP is also one of the world's largest marketers of aviation fuels, serving customers at more than 600 airports, and is a leading supplier to the shipping industry, with BP fuelling services available at more than 800 ports.

BP makes and markets a wide range of petrochemicals, plastics and specialty products - more than seven million tonnes of these products every year.

Some BP products are used as raw materials for plastics such as polyethylene and polystyrene, and others are used in pharmaceuticals, cosmetics, detergents, packaging, synthetic rubber, lubricants, paints, coatings, adhesives and sealants. BP is a leading manufacturer of polyethylene, which is used in a host of modern products from food packaging to gas pipes. The special BP low emission gasphase technology for making polyethylene has now been adopted by licensees in 16 countries.

BP's technological edge has also helped make the company the world's largest supplier of acetic acid and its derivatives, used in man made fibres, paints, solvents and pharmaceuticals. BP is also a leader in the production of acrylonitrile, which is the source of many synthetics, fibres, plastics and rubbers. More than 95% of the world's manufacturing capacity for acrylonitrile uses BP's proprietary process.

In Australia the Sydney based company BP Solar is now the country's largest manufacturer of photovoltaic technology, and has established export markets in the Asia Pacific region. BP Bitumen meanwhile supplies about 30% of the bitumen used on Australian roads. BP is the longest established supplier of fuel to the Australian aviation industry, and sells about 270,000 tonnes of marine fuel each year through 30 Australian ports.

RECENT DEVELOPMENTS

BP has upgraded its convenience store network to include a significant food service offer under the banner of BP's international convenience store brand, BP Express.

The new look stores meet customers' demand for fast, fresh food. BP Express stores all boast a bakery offering bread, fresh cakes, pastries and pies, hot drinks, hot dogs,

fresh sandwiches and microwavable takeaway food, among many other products.

In another exciting development BP is rolling out across Australia new European car wash technology, under the brand name Superwash. The Superwash system is the most advanced in the world. One of its most attractive features is that it recycles and cleans 85% of the water it uses.

Another development at BP is Pay-at-the-Pump technology which is already available at 70 sites nationally and will be introduced to around 150 - 200 sites over the next couple of years. Studies show that it reduces the average time for pulling in, filling up, paying and moving out, by 25%. It reduces congestion both on the forecourt and at the console, and offers the additional benefit of allowing parents with young children to remain close by their children throughout the sale.

PROMOTION

In 1988 BP began the first of its international advertising campaigns with the release of its blockbuster television commercial entitled 'Mission', with its famous scene in which trucks, trains, helicopters and a jumbo jet all converge on a BP service station. Although

Mission was shot in Australia, it was screened in over twenty countries throughout the world in almost as many different languages. The success of the Mission TV commercial and the economies of scale created by the international campaign have led BP to continue with international campaigns for almost ten years.

Other well known commercials produced in this way include 'Pole Vault', where a service station attendant pole vaults over the BP sign in his efforts to serve the customer quickly, and 'Elevator', where a young man delivers a pizza to a BP building and observes the wide range of activity occurring on each floor.

BP's latest campaign involves two commercials. The first is entitled 'Transformer', in which a truck becomes a service station, and the second is called 'Choppers', and features remote control helicopters delivering snacks to a young girl and her family, in their car.

BRAND VALUES

BP's green and gold logo (the colours are particularly appropriate in Australia) is now one of the world's best known brand emblems. It is associated in the public's mind with efficiency, trustworthiness and - increasingly - with responsible involvement in the community at all levels.

The company strives to maintain and extend this image, particularly through a strong community program concentrating on local development, the environment and education. These initiatives, undertaken virtually everywhere that BP has a strong presence, focus on projects which can make a difference to the community in which the company works.

They involve links with local schools, where BP employees give guidance on science and engineering subjects, to environmental training schemes. BP will also provide teaching materials to support the voluntary sector, especially where it can help encourage small business enterprise.

BP is proud that it has won a number of awards for its community



at your service!



work, and is now cooperating with the World Bank on a major educational project.

BP's worldwide teaching program 'Science Across the World' continues to expand and schools in 40 countries have now taken part.

At all times BP strives to project its key corporate values through its branding. The brand projects an accurate picture of a major company which, despite its size, never loses sight of the role it has to play as a good neighbour in every community in which it is involved.



1946-1959

Things you didn't know about BP

- BP, one of the world's biggest companies, was founded on the gamble of one man who used a fortune made from Australian gold as his stake.
- BP sells and trades more than three million barrels of refined products every day - enough to supply the entire oil needs of Germany.
- Although BP is mainly known for petrol, it produces a range of approximately 500 lubricants products including some with extremely specialist applications. These include BP Bloat Ease, which is used to prevent bloat in cattle, as well as BP Miscible Banana Misting Oil, which controls leaf spot and speckled disease in banana plants and is used in far north Queensland.
- BP Solar is Australia's leading solar electricity company and produces more than 5% of the world's production of solar cells. The company recently won the world's largest solar contract to provide electricity to more than 400 villages in The Philippines.
- BP's activities span six continents and BP directly employs some 56,000 people across 100 countries.

