



## Lord Browne Speaks, Beyond Petroleum?

Posted by [Dave Cohen](#) on December 1, 2005 - 9:53pm

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Today NPR's [Morning Edition](#) business report featured an interview with Beyond Petroleum's CEO.

Morning Edition, December 1, 2005 · Oil prices are destined to slip somewhat in the coming years, according to British Petroleum CEO Lord John Browne. Browne says that high inventories of crude oil prove "that the global supply system works rather well."

But as new technology and consumer preferences are changing the energy market, British Petroleum is adapting by investing heavily in alternative energy sources like wind and solar power.

British Petroleum is America's largest oil and gas supplier.

You can find the link to the audio (Real Player) [here](#). For those of you who may not be able to hear the story, I'll provide a brief summary and some commentary.

Note: These are paraphrases from my rough transcription except where a quote is indicated.

*On today's oil prices?*

Prices today are higher than they should be and will settle in the \$40/barrel range.

*Are prices high enough to fundamentally change the economy and the way we use energy?*

No, but our energy use is getting more efficient. Necessity and price makes for "innovation, invention and a different way of life".

*What about the huge share of energy we get from the Middle East (Saudi Arabia, Iran and Iraq)?*

It is inevitable that more and more of our oil imports will come from W. Africa, Russia and the Middle East. There are security implications but the biggest concern is that "people have enough choices" as to where to get oil--there needs to be more diversification in the oil supply market.

*But we're still largely dependent on the Middle East. Haven't you said recently that diversification has failed? And what about the possibility of a large cutoff in supply from that region?*

Yes, [diversification] **for oil** [has largely failed] but not for natural gas, coal and alternatives.... the world trading system needs to work correctly ... we've gone through in 2005 "a massive supply shock" (hurricanes) but despite this inventories (of crude oil, other products) are at or above historic levels so the "global supply system works rather well" ... "inventories can be

*Would a change in government in Saudi Arabia lead to an oil shock?*

"What I would say is that most nations need to feed their populations and most nations therefore focus on the thing that makes them money so to do."

*Are alternative energy investments a primary or a side business for BP?*

The market is going to natural gas, alternatives ... what is clear is that customers want access to alternative energy because it's domestic (made where it's used), better for the environment (less CO<sub>2</sub>)...

*Did you consult with Cheney Energy Task Force?*

No but we do talk from time to time. I tell him what [BP] is going to do.

Just a few comments.

- Browne seems to think demand drops will lower prices to the range he mentions
- Diversity in oil import sources is not going to happen, don't expect any new megaprojects from new regions to come online
- A coup in Saudi Arabia? What an answer!
- The "massive supply shock" of 2005. Sorry, Lord Browne, the hurricanes were bad but that's not what I would call a "massive" oil shock

Be sure to actually listen to the interview if you can. It's a highly nuanced set of responses, wouldn't you say?



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