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BP starts formal marketing process to sell UK North Sea upstream business

BP has launched a formal marketing process to sell its UK North Sea upstream business, setting the stage for it to become the final oil and gas supermajor to quit the basin as a standalone operator.

The UK-listed energy giant, in a statement last Friday (31 July), said the decision to seek a sale of its UK E&P unit comes as part of an ongoing portfolio review.

CEO Meg O'Neill, speaking after BP reported second-quarter results yesterday (Tuesday), described the North Sea as "a great basin with high-quality oil and gas resources". However, "when we look at how it fits into our portfolio today, it just doesn't compete for capital", she said.

Despite that she argued "there are plenty of other players who have approached us, unsolicited, expressing interest in the basin, so I am very optimistic that the assets we have today will continue to be profitable in the hand of a future owner".

BP's planned departure comes after a wave of consolidation in the UK North Sea in recent years that has seen major operators including TotalEnergies, Repsol, Eni, Shell and Equinor merging their operated businesses into newer UK-focused operators, with TotalEnergies and Repsol's businesses becoming part of Neo Next+, Eni joining Ithaca Energy and Shell and Equinor combining their UK operations into Adura.

BP, however, is looking for an outright buyer of its UK business, with O'Neill reportedly telling the company's second-quarter earnings call yesterday that the operator's intention "is to market for a full divestment".

Both Neo Next+ and Ithaca are seen as likely to be interested in the UK business. Analysts at Welligence said those two companies have been in contact with BP about its North Sea operations in recent months and that, in its view, both remain potential buyers. *(Continued on page 2)*