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***Platts*** story:

Oil majors seen $100 billion better off under low-carbon world: study

London (Platts)--5May2016/1247 pm EDT/1647 GMT

The world's biggest integrated oil majors could boost the value of their upstream assets by more than $100 billion over the coming decades by ditching high-cost, high-carbon projects in line with global climate change targets, according to a new study by the Carbon Tracker Initiative. The estimate is part of "stress test" of upstream spending on new oil and gas projects by ExxonMobil, Shell, BP, Chevron, ConocoPhillips, Eni and Total under a low-carbon demand scenario with an oil price of $100/b until 2035. Based on carbon sensitivity analysis, the study compares the net present value (NPV) of the oil majors' combined upstream portfolios with the value of a portfolio of only lower carbon projects needed to satisfy demand in a world where average temperature increases are limited to 2 degrees Celsius. "In a 2C world, the major oil and gas companies will need to manage declining demand for oil. However, this can still prove to be a value-add proposition if they simply avoid developing high-cost, high-carbon projects," Mark Fulton, an adviser to Carbon Tracker and co-author of the report, said in a statement.

Big Oil is coming under increasing pressure from shareholders to

undertake 2C stress tests on the resilience of their businesses to climate change goals or publish the results of any internal ones they have carried out. Shareholders filed resolutions last year asking ExxonMobil, Chevron, Shell, BP and other energy companies to undertake stress tests that were carried by strong shareholder majorities. Pension funds, which invest billions of dollars in energy stocks, have also become more sensitive to the risks of climate change and shareholders have voiced concerns over the potential impact of stranded assets from higher carbon prices. Any moves by oil companies to sideline more costly, carbon-intensive projects are expected to hit spending on Canadian oil sands, extra heavy oil such as Venezuelan bitumen, and some deepwater projects.

LOWER DEMAND OUTLOOK

At $100/b, the NPV of the seven majors would be $114 billion higher over the period to 2035, the study finds, a figure which would rise should oil prices remained lower for the period. Pursuing a business as usual upstream model only makes financial sense for the majors if oil prices exceed $120/b for a "significant period of time," according to the study. The study also assumes that global oil demand will average 85 million b/d over the period, based on the International Energy Agency's "450" low-carbon energy demand scenario, compared to 96 million b/d under a business-as-usual outlook. "A simple carbon sensitivity analysis shows that oil majors pursuing volume at all costs can deliver lower shareholder value than a more disciplined approach. That is why financial regulators need to make 2C stress tests standard practice for the energy sector to help avoid companies wasting capital," Carbon Tracker research director James Leaton said in the statement. In November, Carbon Tracker said fossil fuel companies risk wasting up to $2.2 trillion in the next decade by pursuing projects that could be uneconomic in the face of international action to limit climate change.

Last month research led by UK-based Cambridge Econometrics found that new policies to promote low-carbon transport such as electric vehicles would curb future oil price rises and could lower global demand for crude by 11 million b/d by 2030. As a result of further moves to cut greenhouse gas emissions, lower demand for oil would cut global spending on crude by $330 billion each year between 2020 and 2030, according to the study commissioned by the

**Bloomberg story:**

Oil Major Assets Would Gain $140b With Climatic Focus: Report

By Mikael Holter

(Bloomberg) -- If there is agreement to limit global warming to 2 degrees

Celsius above start of industrial revolution, the combined portfolios of

oil majors¹ upstream assets would be worth ~$140b more at current prices

should cos. restrict investments to projects compliant w/ that climate

goal, Carbon Tracker Initiative says in report.

\* Even at $100/b oil, upstream assets would be worth $55b more w/ 2 degree

compliance

\* Oil and gas majors create more shareholder value by managing future

upstream developments to be consistent w/ 2 degree goal at all prices up

to $120/b

\* Cos included in study: ExxonMobil, Shell, BP, Chevron, ConocoPhillips,

Eni, Total

\* READ: Biggest Wealth Fund Pushes for Climate Disclosure at Exxon, Chevron

**Argus Media Story:** ****