



Written by



Laura Starks

Marketplace

Author of [Econ-Based Energy Investing](#). Long ideas for oil industry players based on 30+

years of experience



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Why I Sold BP

Feb. 02, 2021 1:28 AM ET | **BP p.l.c. (BP)** | 79 Comments | 42 Likes

Summary

- BP is set to announce Q4 earnings Tuesday, Feb. 2, consensus EPS is \$0.07. This \$75.8 billion market-cap company pays a dividend of 5.7%.
- In the last several months, the company has pivoted its focus yet again to European-policy

renewables, though keeping its Russian oil joint venture.

- Reacting to UK policy has often led BP to change direction. A switch to renewables is especially challenging for an oil company to execute due to risk/capital structure asymmetries.
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BP ([BP](#)) is set to [announce Q4 2020 earnings](#) before the market opens February 2, 2021, with a consensus estimate of \$0.07 and adjusted combined upstream and downstream profit before interest and tax (PBIT) of \$1.65 billion. Investors can register for the 9-11 am GMT webcast [here](#).

After [favorably recommending](#) the company in 2019 for its BPX formation and waiting through the [summer of 2020](#) for the fall strategy announcements, I sold my shares last month for two reasons.

The first is obvious: a 50% cut in the dividend. (Dividend-hunters should note BP still yields a decent 5.7%.) The second is the company's turn for future investments from hydrocarbons to renewables. BP once had a motto of "Beyond Petroleum." Its current motto is similar: "Net Zero by 2050."

Indeed, executives at BP said it is targeting [a 40% reduction](#) in total production.

This strategic reorientation was after a big push in U.S. shale, both oil and gas, supercharged when it bought the mostly natural gas U.S. assets of Australian company BHP for \$10.5 billion. (Note that - current weather spike excepted - in the U.S. it is more difficult to profit from producing natural gas than from producing oil. Even a higher \$3/MMBTU gas price only equates to an \$18/barrel oil price.)

That, in turn, had followed its commendable commitment to generous settlements totaling \$65 billion after the terrible Macondo/Deepwater Horizon U.S. Gulf of Mexico disaster, itself the third in a string of major incidents that occurred as a result of BP's 1990s-2010 more-financial/less-engineering company

culture.

All companies operate within the confines of their headquarters (and international host) countries. BP's [net-zero carbon goal by 2050](#) may not be enough: in December and January, a) the U.K published an [energy policy white paper](#) advocating the cessation of ALL natural gas use for both direct heating by 2025 –bearing in mind that the majority of UK homes are heated with natural gas---and for later also dropping the use of natural gas for electricity production and b) the U.K. announced a policy that [no more gasoline- or diesel-fueled vehicles](#) would be sold in the country starting in 2030. Combining the two it appears that all home heat and all vehicles will ultimately be fueled only by solar, wind, and hydrogen.

Q4 2020 Projections

BP is set to announce Q4 2020 earnings February 2, 2021, with a consensus estimate of \$0.07, down 91% from Q419. Revenue is expected to be \$52.15 billion, and adjusted combined upstream and downstream profit before interest and tax (PBIT) are estimated at \$1.65 billion.

Macro Environment and BP's Strategy

For an unpleasant simile, BP's plan to cut 40% of its production to achieve net-zero by 2050 is like Dan Dieter chopping off both arms to meet a weight-loss goal.

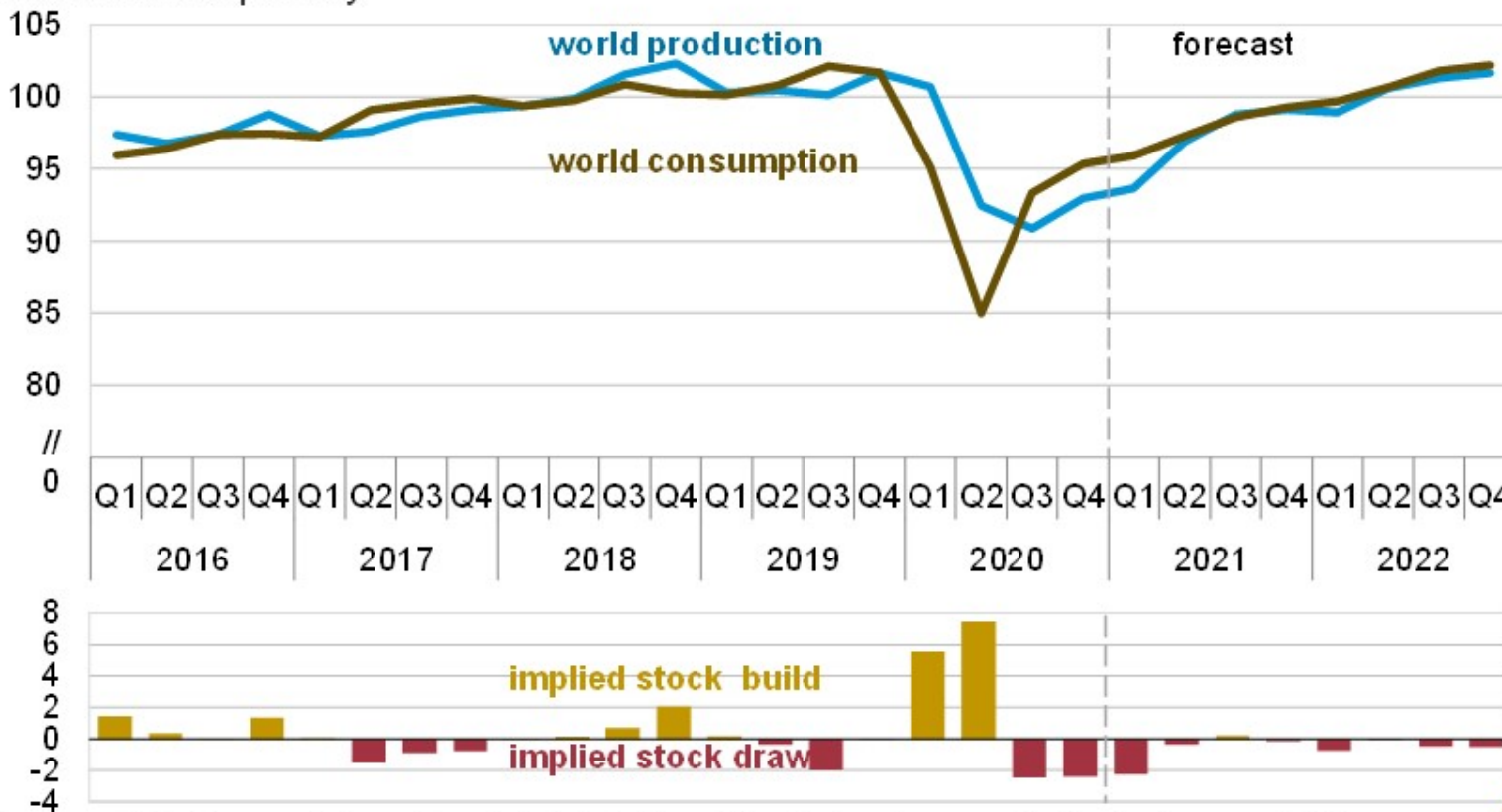
Still, the Covid-19 global pandemic led to a very short-term oil demand drop of 30%. For 2020 the average annual global drop in liquids fuels (mainly oil) of a non-trivial 9% was coupled with the inexplicable decision of Saudi Arabia and Russia to start a price war in March. Virtually all oil and gas companies wrote down assets; during the spring of 2020 U.S. giants Exxon ([XOM](#)) and Chevron ([CVX](#)) even considered combining. Future projections are now more positive, but all companies reined in capital budgets during most of 2020. Some companies went bankrupt while others merged; BP chose to

completely revamp its strategy.

As global economies have recovered, albeit at a slower-than-expected pace, energy use has increased.

World liquid fuels production and consumption balance

million barrels per day



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, January 2021



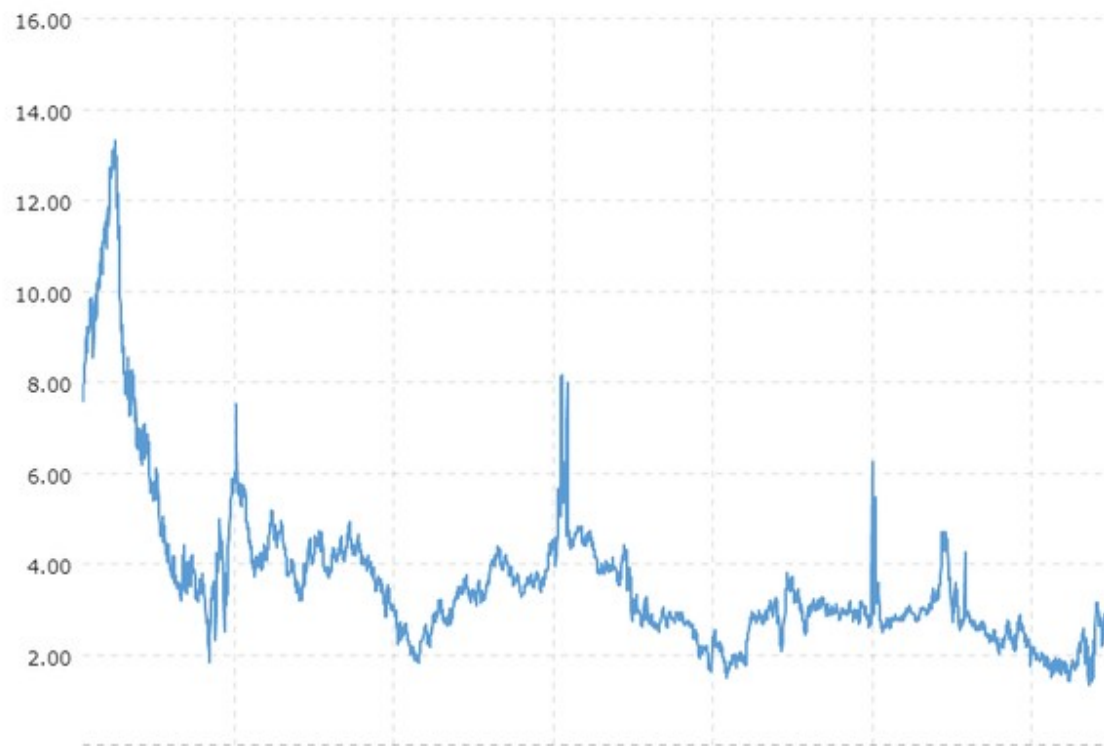
BP's oil exploration team has been [cut to less than 100 employees](#) from over 700 a few years ago; meanwhile, two Texas solar projects, one for 163 MW and one for 153 MW, just [received financing](#) via its 50%-owned Lightsource BP solar company.

The company has also announced an agreement to sell a 20% stake in Block 61 in Oman to PTTEP of Thailand for \$2.6B. BP will remain a 40% owner and will continue to be the operator. The transaction comprises \$2.45B of cash and \$140MM in future consideration and is important for BP in reducing its debt load.

Oil and Gas Prices

The graphs below illustrate the U.S. natural gas price and the Brent oil price. The February 1, 2021, natural gas price at Henry Hub, Louisiana was \$2.82/million British Thermal Units (MMBTU). Recall that at pipeline-standard specifications, one thousand cubic feet (one mcf) of natural gas contains one million BTUs.

The February 1, 2021, Brent oil price was \$56.46/barrel.



2010 2012 2014 2016 2018 2020

Left axis, \$/MMBTU, Henry Hub natural gas, credit: Macrotrends.net



Left axis, \$/Bbl, Brent oil price, credit: Macrotrends.net

Third Quarter 2020 Results, BPX and BP

In the [third quarter of 2020](#) BPX—the U.S. lower 48 onshore—produced 365,000 barrels of oil equivalent/day (BOE/D) of which 39% was oil, condensate, and natural gas liquids and 61% was natural gas.

The BPX division's average liquids price was \$25.74/barrel and its natural gas price was (only)

\$1.28/mcf, yielding an average price of \$14.71/BOE.

[Total BP third quarter production](#), *excluding* BP's 1.1 million BOE/D share of Rosneft production, was about 2.3 million BOE/D. Average liquids realization for the company was \$38/barrel and natural gas realization was \$2.60/mcf.

PBIT for 3Q20 was \$1.2 billion, \$3.3 billion less than the same measure in the third quarter of 2019.

BP's share of underlying income in Rosneft was negative at about -\$100 million.

Underlying operating cash flow for the quarter, excluding Macondo spill payments, was \$5.3 billion.

BPX and BP Reserves

The BPX Energy division's proved developed reserves on December 31, 2019, were 990 million BOEs:

- 10% oil, including condensate;
- 13% natural gas liquids;
- 77% natural gas.

The SEC PV-10 value of these reserves was \$4.1 billion.

BP's U.S. *total* developed and undeveloped net proved reserves on December 31, 2019, were 1.98 billion BOEs:

- 26% oil;
- 18% natural gas liquids;

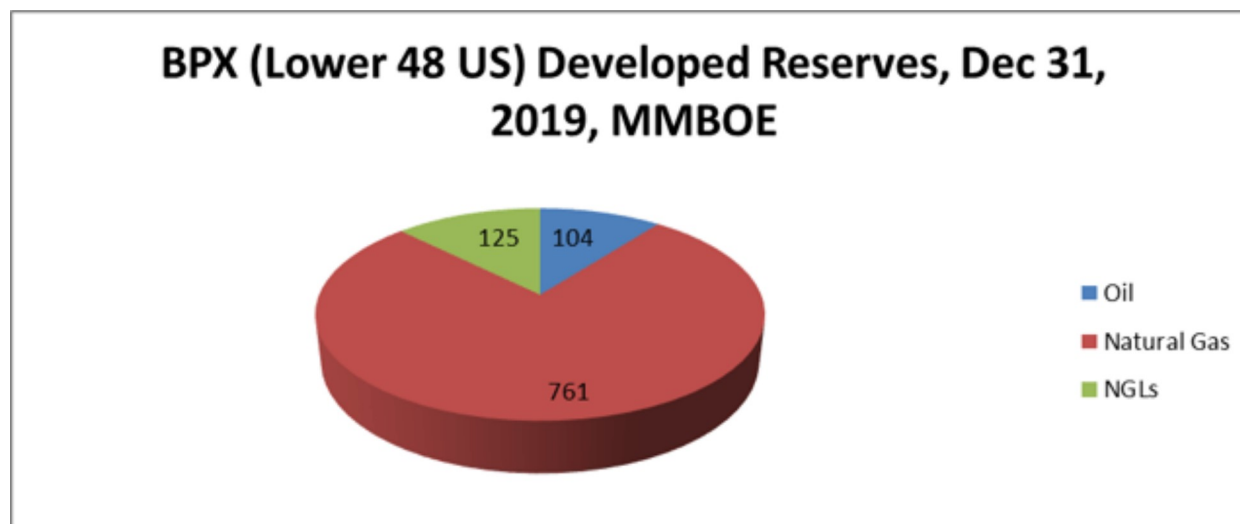
- 56% natural gas.

The [SEC PV-10 value](#) of BP's US proved undeveloped reserves was an additional \$2.9 billion so total SEC-PV-10 value of U.S. proved reserves was **\$6.9 billion**. This is **\$3.6 billion less** than what BP paid for BHP's U.S. assets alone.

At the end of 2019, BP reported *proved reserves worldwide* of:

- 10.8 billion barrels of oil (56%);
- 697 million barrels of natural gas liquids (4%); and
- 45.6 trillion cubic feet of natural gas (40%);

for a total of **19.3 billion BOEs**.



Profile and Competitors

BP is [headquartered in London](#), United Kingdom and operates three primary segments: upstream, downstream, and Rosneft (Russian joint venture). The upstream segment focuses on oil and natural gas development, transportation, and marketing. The downstream segment focuses on hydrocarbon refining and marketing. The Rosneft segment explores in Russia, operates refineries there, and markets fuel.

In 2018, BP bought more heavily into U.S. onshore in the Eagle Ford, Permian, and Haynesville shale plays with a \$10.5 billion acquisition of BHP's properties. It rebranded U.S. Lower 48 operations as BPX Energy.

Competitors in the Eagle Ford and the Haynesville fields include Chesapeake which is now in bankruptcy, ConocoPhillips ([COP](#)), EOG Resources ([EOG](#)), ExxonMobil and several smaller companies.

BP's Permian competitors include several of those listed above, as well as Chevron, Diamondback ([FANG](#)), Apache ([APA](#)), and Occidental ([OXY](#)).

Globally, Shell ([RDS.A](#)) ([RDS.B](#)), Equinor ([EQNR](#)), and national oil companies are significant competitors across all forms of energy, although BP has joined with Equinor to develop wind projects in the U.S. Like BP, Equinor and Shell also have significant company-wide decarbonization policies underway.

Renewable energy competitors range from smaller ones, like First Solar ([FSLR](#)) in the U.S. and Vestas in Denmark ([OTCPK:VWDY](#)) to large project developers such as Exelon ([EXC](#)) and NextEra Energy ([NEE](#)). Very often, investments in renewables by major oil companies have not been profitable. [Authors Leonard Hyman and William Tilles](#) explain that business and financial risk for oil and gas exploration (requiring higher returns) is the inverse of that for renewables sponsored by utilities (allowing lower

returns).

Macondo/Deepwater Horizon

The Macondo/Deepwater Horizon tragedy, an offshore explosion on a BP well in which 11 people lost their lives and another 17 were injured, occurred over ten years ago, in 2010.

BP and its drilling partners have paid settlements totaling **over \$71 billion**. BP alone has paid out **over \$65 billion**.



Governance

At January 22, 2021, Institutional Shareholder Services ranked BP's overall governance as 3 with sub-scores of audit (1), board (1), shareholder rights (9), and compensation (7). In this ranking 1 indicates lower governance risk and 10 indicates higher governance risk.

Virtually no shares (0.00%) are held by insiders and only 0.31% of the company's outstanding shares are shorted.

The company's most recent beta is 0.7, representing less volatility than the overall market.

Financial and Stock Highlights

BP's market capitalization is \$75.8 billion at a February 1, 2021, stock closing price of **\$22.21/share**.

At September 30, 2020, the company had **\$178.1 billion of liabilities** and \$260.25 billion in assets giving a steep liability-to-asset ratio of 68%.

BP's 52-week price range is \$14.34-39.07 per share, so its February 1, 2021 closing price is only 59% of its one-year high. The company's one-year target price is \$28.73 per share.

Trailing twelve-month earnings per share (EPS) is -\$6.42, which includes large write-offs. The average of analysts' 2020 EPS estimates is -\$1.33 and the average for 2021 is \$1.56, for a forward 2021 P/E of 14.2.





Data by [YCharts](#)

BP's [dividend of \\$1.26/share](#) represents a 5.7% yield to its February 1, 2021 closing price of 22.21/share.

Book value per share is \$20.14, below current market price, indicating neutral to slightly positive investor sentiment.

The company's mean analyst rating is a 2.4, or between "buy" and "hold" from ten analysts.

Positive and Negative Risks

The pace and completeness of global economic recovery, in transport (petroleum) and electricity use and industrial activity (natural gas) during 2021 are the primary factors affecting oil and natural gas prices. For the BPX division of BP, U.S. natural gas prices are key.

Because BP operates worldwide, it is exposed to international risks, particularly in its Rosneft joint venture.

Finally, for non-consensus views on hydrocarbon e.g. why immediate investment of billions or trillions in renewable infrastructure may not be the optimal way to meet the long-term triumvirate goal of balancing energy-environment-economy, investors may be interested in, among others, [the work of Scott Tinker](#) who describes this energy-environment-economy "waltz." For example, Tinker observes that neither

good/bad nor clean/dirty energy exists - all have environmental challenges, cost concerns, and benefits. Tinker also suggests that while the wealthiest countries can afford the cleanest environments (causation, not correlation), and thus 700 million people in Europe and North America are wealthy enough to promote costly renewables, the remaining 6.3 billion people on the globe need affordable energy to grow their economies and improve their lives.

Recommendations for BP

Most investors will want to confirm BP's 4Q20 results available February 2, 2021.

ESG investors may like BP's planned changes to achieve carbon neutrality. Dividend-hunters may still like its 5.7% dividend.

At the end of 3Q20, BP had a high liability-to-asset ratio of 68%, which will constrain its operations.

I sold BP after it cut its dividend and reoriented its long-term business focus towards renewables and away from hydrocarbons. The company has capable, experienced competitors I prefer in both sectors. Evidence shows it is challenging for an oil and gas company to compete with utility-scale renewables permitted lower returns.

bp^x energy



I hope you enjoyed this piece. I run a Marketplace service, [Econ-Based Energy Investing](#), featuring my best ideas from the energy space, a group of over 400 public companies. Each month I offer:

***3 different portfolios** for your consideration, summarized in 2 articles, with portfolio tables *available* 24/7 to subscribers;

***3 additional in-depth articles = 5 EBEI-only** articles;

***3 public SA articles**, for a total of 8 energy-related articles monthly;

***EBEI-only chat room**;

My experience from decades in the industry.



Laura Starks
2.18K Followers

[Econ-Based Energy Investing](#) is designed to help investors deal with energy sector volatility. Interested?

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Author of [Econ-Based Energy Investing](#) Marketplace

Long ideas for oil industry players based on 30+ years of experience

Disclosure: I am/we are long CVX, COP, EOG, FANG, NEE. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

Additional disclosure: Pls rush as BP reports 4Q20 results at 9 AM GMT (3 AM EST)? tomorrow.
This qualifies from the uncovered stock list at \$40.

42 Likes

79 Comments

Comments (79)

[Share](#)[Print](#)[Comment](#)**Fluidsdoc**

20 Feb. 2021, 7:19 PM

**Marketplace Contributor** **Premium** Comments (3.89K) | [+ Follow](#)

@Laura Starks Nice article. We are on the same page as respects BP. I sold about a year ago when they cut the dividend as well. Cheers

[↗ Reply](#) [👍 Like \(1\)](#)**BoilingToad**

18 Feb. 2021, 7:44 AM

Comments (1) | [+ Follow](#)

I mean, I appreciate the fundamental analysis, but you didn't exactly draw definitive conclusions from your findings/research. You sort of just presented findings and that was that. It wasn't obvious what you found negative about it all.

One thing you didn't do was look at the technicals and what the share price is doing and how the market has reacted to the news. In a present day market that is now more than ever filled with people who make more speculative bets, I think sometimes it helps to step back and look at the bigger picture rather than delving into the details. BPs share price is still at pretty low levels for the past 12/24/36 months. One thing we do know is that demand for oil will go back up somewhat when things start to return to relative normality later this year. More people will be filling up their vehicles more often-that is a given. It will happen. As someone who is following a rather short-term strategy, I am holding the stock for this rise before I sell. What will happen in 2-5 or 10 years to the share price? Who knows.

[↗ Reply](#) [👍 Like](#)**VinnDD**

11 Feb. 2021, 1:09 AM

Comments (3) | [+ Follow](#)

I disagree, oil will not make any money for the company. The world is moving towards alternative energy so anyone holding oil long term will be at a big loss

➤ Reply 👍 Like



Laura Starks

11 Feb. 2021, 11:01 AM



Marketplace Contributor Premium Comments (792) | + Follow

Author's Reply

@VinnyDD Hmm. How long are you defining "long term"? It's certainly true that holders of oil stocks took a big hit in 2020, but that's been followed by a big rebound.

➤ Reply 👍 Like (1)



love fossil

05 Feb. 2021, 10:15 AM



Comments (49) | + Follow

"Net zero by 2050" means share price. When you select a guy named Looney to run an oil company like BP you get what you get. Where did they find this guy? Is he the former president of Greenpeace? Should help my XOM and COP shares.

➤ Reply 👍 Like (7)



Laura Starks

05 Feb. 2021, 4:56 PM



Marketplace Contributor Premium Comments (792) | + Follow

Author's Reply @love fossil :-)

➤ Reply 👍 Like



cts037

16 Feb. 2021, 7:10 AM



Comments (299) | + Follow

[@Laura Starks](#) @love common sense :-)

↪ Reply 👍 Like (1)



Fluidsdoc

20 Feb. 2021, 7:12 PM



Marketplace Contributor Premium Comments (3.89K) | + Follow

[@love fossil](#) I knew and worked with Looney when he was a drilling engr in Houston in the early 2000's. He seemed like a pretty level headed fellow-(marked for greatness) at the time. Somewhere in the last 20 he's lost his way. I agree with [@Laura Starks](#). BP is dead money, and has a p-poor attitude toward their owners-shareholders. For the same \$20 bucks you can buy Devon. If you care about growth and income, that's the play. Cheers!

↪ Reply 👍 Like (1)



holsteingrecco

03 Feb. 2021, 3:42 PM



Comments (152) | + Follow

I don't understand why BP got slaughtered based only on their earnings report which actually is ancient history. The price of stocks, especially energy stocks, is based upon guidance & the price of oil. It's all about expectations for the price of oil. with oil at a yearly high I would think expectations would be high yet not for BP?

↪ Reply 👍 Like (1)



Laura Starks

04 Feb. 2021, 9:22 PM



Marketplace Contributor Premium Comments (792) | + Follow

Author's Reply [@holsteingrecco](#) well, one big problem is that BP (like other European majors) has made a big deal of getting OUT of oil production, and has been taking steps to do so since Sept 2020

↪ Reply 👍 Like

**holsteingrecco**

05 Feb. 2021, 2:19 PM



Comments (152) | + Follow

[@Laura Starks](#)

Apparently getting out of production with oil nearing \$60 was untimely. It will prove even more untimely should oil hit \$75.

[↪ Reply](#) [👍 Like \(2\)](#)**Stranger in Town**

01 Mar. 2021, 2:27 PM



Comments (60) | + Follow

[@Laura Starks](#) I have made a big deal about dumping my BP shares. I don't even buy my gas from them anymore. Where I live BP stations are being replaced with other brands, only 1 station left in town & it's in a bad part of town. It's not getting any better I went to a much bigger town the other day & I counted 8 BP stations changed over to other brands. BP & Shell run the other way.

[↪ Reply](#) [👍 Like \(1\)](#)[See More Replies](#)**xaghra**

03 Feb. 2021, 5:26 AM



Comments (770) | + Follow

The North American attitude towards BP is ' who TF cares '!!!

It's a company always looking for a gimmick...

'NET ZERO 2050' is the latest.

Who knows what the world will look like bye 2050???

One thing I am positive about the year 2050, people will still be using oil...

The reason BP is as big as it is the word ' British '. It had some heft world wide, some years ago, but the world has left BP behind.

The only place where ' British ' has any influence is in Russia. If the Russians every kicked out BP there would not be a BP. Someone would buy the remaining company out and put them out of their misery...

↪ Reply 👍 Like



Irenaeus

03 Feb. 2021, 3:08 PM



Comments (278) | + Follow

[@xaghra](#) I think you're going to find that it is you that is way behind the curve.

↪ Reply 👍 Like (2)



xaghra

07 Feb. 2021, 3:15 AM



Comments (770) | + Follow

[@Irenaeus](#)

If you want/looking for income buy XOM, XOM, XOM, XOM etc!!!

If you are looking for capital gains and later on dividends as well, look no further the the Canadian producers!!!

BP???

Why would I bother when the sea has EVEN BIGGER FISH???

You will probably make money with BP, I found BIGGER and BETTER!

What's wrong with that???

But GL to you.

Sleeping with the Russians: no thanks...

↪ Reply 👍 Like (1)



marcel55555

03 Feb. 2021, 4:26 AM



Comments (244) | + Follow

buy buy buy

↪ Reply 👍 Like (2)



Stillhunter888

03 Feb. 2021, 3:03 AM



Comments (285) | + Follow

Agree with the author. I sold my RDS holdings for very similar reasons, but the biggest one was that I did not want to hold an oil and gas company who were embarrassed to be producing oil and gas.

↪ Reply 👍 Like (4)



arok79

02 Feb. 2021, 10:19 PM



Comments (3.02K) | + Follow

Thank you for selling Laura. I'll gladly take those chairs off your hands. Long long term holder and continue to maintain my position. Always add on any weakness.

↪ Reply 👍 Like (1)



Nicklaas

02 Feb. 2021, 7:50 PM



Comments (663) | + Follow

Thank you Ms. Starks for this excellent and deservedly devastating piece, especially for the BPX part putting numbers on one of their capital allocation failures.

I mostly agree and sold 2/3 of my holding in part before and in part after the dividend.

Now the missed again. So what to do with the last 1/3?

If I may I would like to ask whether you might have a view on any of the following points

1. Do you buy into their high grading the portfolio story?

(They have this slide showing much improved 2025 EBITDA margins.)

If so their ROE may actually go from deeply negative to the promised 10+% land.

Credible?

2. Could .gov handouts credibly turn around the renewables story?

Also some of these investments such a chargers for e-vehicles may actually extend life of their filling station business .

3. Did their investments in outfits with green energy credentials like Lightsource actually build skill @ BP

or

are they just overpaying for their solar power stations & wind JV's?

(Mr. Looney tried to give a detailed turnaround outlook including ambitious return targets in 2020 but the the market largely did not buy it so far.)

4. Their oil/gas pricing scenario out to 2050 is quite conservative. Industrywide lack of investment may even curtail output even before 2025. Might a cyclical recovery outweigh the drag from low return green projects? (The market value share of energy stocks vs total capitalisation seems to be a multi-decade low -- continuing trend or reversal?)

5. Your all - liabilities / assets number looks a lot worse than classical leverage focusing on interest bearing debt vs equity.

Their ratings so far still seem to reflect more of the latter. Will that change for the worse?

6. is their Emerging Market (downstream JV in India, buildout in Mexico..)

underappreciated or are they weighed down by their questionable jurisdiction exposure to the likes of Russia, Azerbaijan, Egypt, Oman, Mozambique and so on?

7. They just sold and leased back their London HQ and the 'B' no longer refers to Britain. Might they move somewhere where their carbon energy products are actually appreciated - Beijing Petroleum anyone? (GLEN who are under pressure too explicitly said they are not considering a move)

Regards

Nicklaas

↪ Reply 👍 Like (1)



Laura Starks

02 Feb. 2021, 8:07 PM



Marketplace Contributor Premium Comments (792) | + Follow

Author's Reply @Nicklaas Lots of good questions. I think BP has some healthy assets but my concern is their history of expensive, bad decisions and yes, that includes what happened at Macondo. Re debt: they are looking to reduce it, which suggests it's an issue. If investors (and BP) set expectations much lower--that basically BP is supplying green utility needs in the UK, that might be a way to think about the prospects for your remaining shares.

↪ Reply 👍 Like



Nicklaas

03 Feb. 2021, 11:38 AM



Comments (663) | + Follow

[@Laura Starks](#)

Thanks for reply and input. Yes, I downsized BP holding into the utility basket. N

↪ Reply 👍 Like (1)

**nopilikia**

02 Feb. 2021, 4:15 PM



Comments (2.25K) | + Follow

BP purchases in Mar and Oct of 2020 have my BP position still in the black. Will hang around till the COVID-19 effect really starts to diminish to get a better idea on BP's future before taking any action to reduce my position.

↪ Reply 👍 Like (3)

**hshao98**

02 Feb. 2021, 3:58 PM



Comments (327) | + Follow

I saw BP already have 15000 car charge point. That is great. It became earlest electric car charging compnay. Making money from people no matter you use gas or electric car.

↪ Reply 👍 Like

**secorewb**

04 Feb. 2021, 7:56 PM



Comments (526) | + Follow

[@hshao98](#) does BP burn oil to charge the cars?

↪ Reply 👍 Like

**Giocccc**

07 Feb. 2021, 3:58 PM



Comments (1) | + Follow

[@secorewb](#) :-) with those power generators that run on gasoline

↪ Reply 👍 Like (1)

**HermanMunster**

10 Feb. 2021, 8:57 PM



Comments (259) | + Follow

[@Giocccc](#) Good idea! EV car manufacturers should put a gas engine on board that keeps batteries charged - like a train. No standing around at a charging station when you can fuel up at a gas station.

[↪ Reply](#) [👍 Like](#)**Bacon Slicer**

02 Feb. 2021, 11:55 AM



Comments (938) | + Follow

BP has several options.

- 1) It could move its HQ to a country that isn't run by green wackjobs, and keep producing what the world needs.
- 2) It could keep its most profitable oil/gas production, sell the rest, and at the same time grab as many government green handouts as they can while they last, then go back to oil/gas production once people realize green energy doesn't work. This seems to be the current plan.
- 3) It could go all green, grab the handouts while they last and then go bankrupt when they stop. *(edited)*

[↪ Reply](#) [👍 Like \(7\)](#)**Laura Starks**

02 Feb. 2021, 3:28 PM



Marketplace Contributor Premium Comments (792) | + Follow

Author's Reply [@Bacon Slicer](#). Hmm. Ouch! But fair play.

[↪ Reply](#) [👍 Like \(2\)](#)**xaghra**

08 Feb. 2021, 1:15 AM



Comments (770) | + Follow

@Bacon Slicer

You're insulting the ESG dreamers...

These ESG'ers can't get it in their head that as long as you/they are alive, they/you are leaving a 'foot print' somewhere...

↩ Reply 👍 Like (1)



diamondjimbob

02 Feb. 2021, 11:51 AM



Comments (423) | + Follow

Laura, I'm happy I stopped by to read this article. The title caught my eye because it expressed the thoughts that have been bouncing around in my mind for several months.

I first purchased BP sometime in the 20th century. It was always good for me, both climbing in value and sending me nice dividends. I was fortunate enough to sell it prior to the Deepwater tragedy, but I was impressed with BP's handling of the whole situation. I eventually repurchased BP at what I thought was a good price for growth and dividends.

Then 2020 came along and everything seemed to go south for BP. The pandemic sent oil prices to unexpected lows, the dividend was cut in half, then BP's top management declared that they were going to go play a whole different ballgame in the future.

I almost sold then. I wish I had.

Today the results of 2020 showed up and they weren't good. Big losses.

I'm now concerned that the dividend may be cut again.

Perhaps it's my turn to let go of BP and accept my losses.

Maybe I'll find a solar company that provides electricity during the night.

Maybe I'll find a car company that runs on wind power - after all, the faster you go, the faster the turbine would spin.

Maybe I'll do something else.

Your article has me thinking. Thanks.

↪ Reply 👍 Like (2)



Who Dat?

02 Feb. 2021, 11:29 AM



Comments (6.47K) | + Follow

I came very close to selling my BP losing position at \$24ish. I totally regretted for not following through. I held thinking the worst is over with the incoming earnings report.

BP is the biggest dog among the energy sector. Heck, even XOM outperformed BP in the past 3 months.

↪ Reply 👍 Like (1)



milehr

02 Feb. 2021, 11:14 AM



Comments (1.53K) | + Follow

Very well reasoned article, although I may add a little to my position when the stock is down. 2050 is far away, so the company has time (and resources) to come to its senses. *(edited)*

↪ Reply 👍 Like (2)



mkgolden

02 Feb. 2021, 10:50 AM



Premium Comments (497) | + Follow

I got out at the dividend cut. With the recent earnings announcement I am glad I did. Better opportunities elsewhere.

↪ Reply 👍 Like (3)



craftbrewinfo

02 Feb. 2021, 10:00 AM



Comments (2.53K) | + Follow

Dividend cutters have no place in my portfolio. Last year I was tempted to nibble at some BP (before the dividend cut) but I didn't, thankfully.

↪ Reply 👍 Like (2)

**Pete Palmer**

02 Feb. 2021, 9:27 AM

**Premium** Comments (479) | + Follow

The moves that BP, RDS, and TOT have made into alternative energy could very well pay off, but it'll take many years before it happens.

My energy investment timeline is shorter as the trends that started in 2015 combined with what happened in 2020 is setting us up for significantly higher oil and natural gas prices. Many expect a price spike in the next two years due to underinvestment and post COVID demand.

I sold out of the three I mentioned above in 2020 and increased positions in XOM, CVX, and CNQ because they are better positioned to benefit when demand outstrips supply. CNQ's dividend is in line with BP and RDS.

↪ Reply 👍 Like (5)

**esathegreat**

02 Feb. 2021, 9:11 AM



Comments (650) | + Follow

I'm in the poorhouse now because i invested in this company.

↪ Reply 👍 Like (4)

**Laura Starks**

02 Feb. 2021, 9:44 AM



Marketplace Contributor Premium Comments (792) | + Follow

Author's Reply @esathegreat I'm so sorry to hear this. I appreciate you sharing your experience.

↪ Reply 👍 Like

**Cuip99**

02 Feb. 2021, 8:55 AM



Comments (5.04K) | + Follow

I sold my BP a couple of months ago. Took the loss, write off against cap gains and I am not looking back. BP took a turn for the worst. Go with XOM or CVX.

↪ Reply 👍 Like (5)

**danforthgs**

06 Feb. 2021, 9:08 AM



Comments (157) | + Follow

@Cuip99 I did the same thing. Sold BP @23 and rebought in 16 range. So far its not a bad move but I'm not thrilled with the performance since earnings. Luckily I bought some XOM and it is off-setting BP. I'm hoping that BP will pull a CLNE performance and turn soon. Not sure why it's gone \$3 to \$14 after being a dog for multiple years. Only reason why I evened owned them is they were free house shares from a previous double.

↪ Reply 👍 Like (1)

**Murad Shawar**

02 Feb. 2021, 8:55 AM



Comments (360) | + Follow

They need to change there name to Beyond Petroleum

↪ Reply 👍 Like (1)

**Laura Starks**

02 Feb. 2021, 9:43 AM



Marketplace Contributor

Premium

Comments (792) | + Follow

Author's Reply @Murad Shawar indeed, that was their slogan many years ago

➤ Reply 👍 Like (1)

**Olufow**

02 Feb. 2021, 8:39 AM



Comments (23) | + Follow

Very well constructed article - thank you Laura. BP (and other European based majors) may have set policy goals around renewables but sometimes stark economic realities often determine the future rather than ambitious policy targets. Pandemic has accelerated reintroduction of nationalist policies - energy future (especially renewable vs fossil resources) will be eventually determined by national interest rather than "Western governments ESG" goals. Agreed with Tinker that for the foreseeable future, more than 80% of global population will be relying on cheap energy for their livelihood - and fossil fuel sources will deliver those.

On the price of oil, majority of the world cannot afford "expensive energy" especially will all the QE most governments are using to aid the sluggish economic recovery. And the dollar strength will have to "cooperate" in supporting the recovery process. A \$50 - \$55 per barrel range seems reasonable for all stakeholders (based on which I believed BP current price still have some runways with minimal headwinds).

➤ Reply 👍 Like (3)

**Truth in Tension**

02 Feb. 2021, 9:15 AM



Comments (123) | + Follow

Why do you use the term fossil resources? Do you believe that oil is the result of fossilized dinosaur remains? If so, what is the explanation for deep wells approximately 25,000 feet below the surface? I believe it is time to use a different term, would you not agree?

➤ Reply 👍 Like

**Liquidors**

Comments (933) | + Follow

02 Feb. 2021, 10:36 PM



[@Truth in Tension](#) Algae and and bacteria along with plantlife form most of what we call fossil fuels. With a dinosaur or two thrown in.

It's still a finite resource at the rate we consume it...

Reply

Like (1)

**Norman Bates at Disneyland**

Comments (4.03K) | + Follow

02 Feb. 2021, 8:37 AM



Laura,

Agree 100% with what you say. People forget that BP already 'went green' with new trendy logo etc a few years ago and that move was actually welcomed by the market as progressive. Now, as you say, they are chopping off both arms. And does anyone think that they will stay in cahoots with politically incorrect Russia for long?

Bernard Looney now seems to spend more time speaking with the UN and Greenpeace than running his company. Not saying Greenpeace or the UN (or their objectives) are bad - far from it - but this is not what he is paid to do.

Reply

Like (5)

**malinois000**

Comments (167) | + Follow

02 Feb. 2021, 8:26 AM



I've owned BP for several years, purchased after the oil spill disaster. This is without a doubt the worst stock in my portfolio. I've hung on because of the incredibly high dividend stream although it was cut this year. I may look for a place to exit in 2021 but I'll watch a little longer.

Reply

Like (3)



fortbrepoels

02 Feb. 2021, 8:46 AM



Comments (1.03K) | + Follow

[@malinois000](#) I think that you best wait for exit in 2022 .

The dividend is not bath

BP have a low production price for olie and gas , whit a higher olie and gas price is that bingo for BP .

Trending Analysis

Reply Like (1)



The Stock Market Party



Finally Over

02 Feb. 2021, 2:18 PM



Comments (167) | + Follow



[@fortbrepoels](#) I sure hope you are right. Thanks!

Jobs Snapshot

Reply Like



**Market Outlook: Crash
On The Sidelines**



**Mortgage REITs
Running Hot**



**The Anti-ARK
Innovation Stocks Are
Winning**

Symbol	Last Price	% Chg
BP	26.51	1.84%
SNP	56.73	1.53%
EQNR	19.96	2.89%
PTR	39.14	5.67%
TOT	49.08	1.57%

Compare

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