

**3<sup>rd</sup> IEF NOC-IOC Forum**  
**New Delhi | 11-12 June | 2013**

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**Opening Speech by Aldo Flores-Quiroga**  
**Secretary General**  
**International Energy Forum**

**The Honorable Veerappa Moily, Minister of Petroleum and  
Natural Gas of India**

**Mr. Vivek Rae, Secretary, Ministry of Petroleum and Natural  
Gas of India**

**Mr. Sudhir Vasudeva, Chairman and Managing Director,  
ONGC**

**Ms. Yasmin Hilton, Chairman and Managing Director, Shell**

**Colleagues and guests,**

**Ladies and gentlemen,**

Welcome to the 3<sup>rd</sup> IEF NOC-IOC Forum! We are delighted to have you here with us --in New Delhi, the capital of the **ever-impressive India**, a dynamic emerging market, and one of the key drivers of world energy demand and supply in the 21<sup>st</sup> century.

Thank you, Minister Moily and Secretary Rae, for the generous hospitality of your country.

A special word of thanks to the Chairman ONGC, Mr. Vasudeva, the host of this event, whose team has set up such a wonderful space for this meeting, and to the Chairman of Shell, Yasmine Hilton, who is co-hosting this event.

Thank you as well to Ernst and Young, who joined forces with us as knowledge partner in this event.

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The idea of an IEF NOC-IOC Forum was born out of the IEF Ministerial meetings held in the middle of the last decade. At that time, talk about the end of easy (and cheap) access to oil reserves was common, with some people making reference to peak oil and

stirring up the debate. Some saw the surge in oil prices up to 2008 as a validation of this perspective. Others pointed to the willingness and ability of producers to meet consumer demand – before, during, and after the world financial crisis- as an indication that peak oil was a concept whose time had not come, or was patently wrong. And yet others found these views wanting, pointing to the rise in Asian energy demand as a key driver of oil prices.

Whatever the perspective, it was by then apparent that more oil production would have to come from less conventional sources, such as the deeper waters of the Gulf of Mexico, South America, East Africa or Australia; and from complex reservoirs, such as the Canadian oil sands or the Venezuelan Orinoco Belt.

According to that narrative, no company would be able to tackle this type of investment challenge on its own. It was too difficult, too expensive, and too risky. Moreover, since National Oil Companies owned most of the world's oil reserves, while International Oil Companies developed most of the new technologies and had a proven record managing financial risks, it was necessary that both worked together to sustain the investment levels required to meet rising oil demand.

The NOC-IOC Forum was thus born in 2009 with the objective of promoting a better understanding of the issues involved in increasing oil and gas production under these difficult circumstances. By the Second NOC-IOC Forum, held in 2011, this exercise had served to identify guidelines for better cooperation between NOCs and IOCs, which industry representatives prepared together with the IEF, and were endorsed at the 2012 IEF Ministerial.

How fast times change. Just as the first NOC-IOC Forum was being held, a revolution in the methods of producing oil and gas from shale plays in North America was beginning to shake the very foundation upon which the narrative of scarce oil was built. It did not originate in the deep waters of any ocean –at least not a current one-- and it did not involve large oil companies. It took place instead in the vast lands of the United States, led by smaller firms and service companies that found out how to adapt hydraulic fracturing technologies to bring on stream oil and gas reserves that few suspected were within economic reach.

The global pool of proven reserves has now increased to a level

that we have shifted from pessimistic to optimistic narratives – some even bordering on the exuberant, perhaps irrationally so. We are hearing about unlimited reserves and peak oil demand, as if these were immutable and concrete truths. More plausibly, we are also talking about the changing geography of oil, with its implications for pricing, trade flows, and geopolitics, in a way that was unthinkable only a few years ago.

As the oil and gas industry is swayed by these changes and we face the prospect of more abundant oil and gas for years to come, it would be a mistake to stop talking about cooperation among companies. Companies will in all likelihood have to find partners in order to produce from both maturing and new fields, from onshore and deep-water wells, or from conventional and unconventional plays.

It would be narrow, however, to continue focusing only on NOCs and IOCs. Service companies are becoming more prominent players in the industry, as are the so-called International-National Oil Companies (INOCs). And many experts in other types of companies are now analyzing large amounts of data that will influence the way oil is produced and sold to consumers.

It is fair to ask, then, what is next for cooperation in the oil industry? What can we expect in a world where low-porosity rocks do not constrain production, environmental concerns become more pressing, economic weakness may endure, and social media transforms civic engagement?

We have aimed in this Forum to reach beyond the NOC-IOC dichotomy by bringing experts from diverse companies and research institutions to help us shed light on some of these subjects. The three key terms that our discussion will focus on are: challenges, investment, and cooperation. To put it differently: how should cooperation between oil and gas companies be structured, regulated, or promoted to address these new challenges and sustain the investment levels that the industry requires?

I invite you to be daring in this day-and-half of conversations. Be creative. You are safe. The IEF is a neutral platform for dialogue. We welcome all points of view. We want to listen to your ideas and gather key insights that can be of use to companies, governments and the broader public. I also trust you have fun.

Welcome once again, and thank you very much for joining us in this conversation.