

Oil spill charge and low prices push BP to \$6.3bn loss

BP has reported a \$6.3 billion loss for the second quarter due to falling oil prices and the multibillion-dollar charge from the Deepwater Horizon disaster.

The oil giant's downstream operations reported a \$1.9 billion profit, a considerable decrease in relation to the \$2.2 billion from the first quarter, with profitability of oil storage in the current market dropping.

Brent crude averaged around \$59 per barrel in the second quarter, a total collapse from last year's \$108 average for the same period. July has seen Brent crude go even lower, hitting \$52 per barrel on Tuesday.

Bob Dudley, Group Chief Executive and a director of BP, warned oil prices will be "lower for longer" as he announced the second quarter figures.

"If you look at the impact of what could be increasing Iranian production next year, slower Chinese growth... and if you take the three largest oil producing areas of the planet – the US, Saudi (Arabia) and Russia – all their production is rising," he said.

BP plans to prepare itself for difficult times with important disinvestments and cost-cutting. Capital expenditure for 2015 will be under the predicted \$20 billion – a reduction of 13% from 2014, reports the Financial Times.

"In the past few weeks oil prices have fallen back in response to continued oversupply and market weakness and the recent agreements regarding Iran. I am confident that positioning BP for a period of weaker prices is the right course to take, and will serve the company well for the future," added Dudley.

Earlier this month BP and U.S. authorities closed an \$18.7 billion deal settling almost all claims related to the 2010 Gulf of Mexico oil spill.