# DNV Survey Reveals Optimism and Challenges in Oil and Gas Industry Transition



**DNV Survey Highlights Challenges and Optimism in the Oil and Gas Sector**

A recent survey conducted by DNV highlights the current paradox faced by the oil and gas industry. The survey, titled “The Paradox of Petroleum - How the oil and gas sector is transforming through uncertainty,” gathered insights from nearly 450 senior oil and gas professionals globally and was conducted amid ongoing transitions in energy demands and environmental responsibilities.

**Survey Findings:**

* **Accelerating Energy Transition:** 64% of industry leaders noted that the pace of energy transition is increasing.
* **Optimism for Sector Growth:** Despite the downturn in 2020, 68% expressed optimism about sector growth.
* **Investment Concerns:** 51% of executives believe that global investment in new oil and gas capacity is insufficient, with a notable 70% of North American executives expressing concern, compared to 40% in Europe.
* **Innovations Driving Change:** Investment in digital technologies and low-carbon innovations are significant, with 62% aiming to increase energy efficiency investments, and 78% focusing on standardizing tools and processes to cut costs.
* **Need for New Models:** 82% recognize the need for new operating models to achieve operational efficiencies and balance investments in renewables.

**Balance Between Demand and Decarbonization:**

The survey finds a critical balance is needed between fulfilling current petroleum product demands and transitioning to low-carbon energy sources. Despite the challenges, industry leaders are investing heavily in alternatives like wind, solar, hydrogen, and carbon capture technologies. This comes amidst geopolitical scenarios such as the conflict in Ukraine, influencing the energy security focus.

**Barriers to Renewable Energy Investment:**

Several barriers hinder the prioritization of renewable and cleaner energy investments: - **Financial Returns:** 49% of respondents cited low profitability as the primary challenge. - **Existing Business Constraints:** 33% pointed to constraints from existing business models. - **Capital Investment Needs:** 30% highlighted the substantial capital required. - **Organizational Capabilities:** 26% noted limitations in infrastructure and technology. - **Operational Costs and Cultural Shifts:** 21% were concerned about operational costs, and 19% about organizational culture and difficulties in scaling up.

**Workforce and Skills Shortage:**

Attracting skilled workers is a priority, with 66% focusing on workforce development to support expansion and decarbonization. Executives are also committed to environmental impact reduction, with 61% planning increased investments in decarbonization.

**Future Outlook:**

The industry's future hinges on balancing consumer and business demand for petroleum products with achieving decarbonization targets. Companies like CPC Corporation Taiwan and TotalEnergies are strategically adapting to ensure stability and reduce greenhouse gas emissions. This delicate balance will shape the sector's strategic direction in the coming years, leveraging digital tools, new workforce strategies, and enhanced decarbonization efforts.

Ditlev Engel, CEO, Energy Systems at DNV, remarked on the industry's resilience and commitment to navigating the energy transition, highlighting that clear policies and more profitable business models are essential to accelerate change.

**Conclusion:**

The oil and gas sector is poised at a critical juncture, balancing increasing demand and the imperative for decarbonization. The industry's ability to navigate this complex duality will determine its strategic path moving forward.