

BP AGT Regional President's speech at the 2018 Caspian Oil and Gas Conference

May 30, 2018

Dear Minister Shahbazov,

Dear Mr. Abdullayev,

Distinguished guests,

Ladies and gentlemen.

It is a great pleasure for me to speak on behalf of BP at the Caspian Oil and Gas Exhibition, an event that celebrates its 25th anniversary this year.

In all these years the Exhibition has firmly established itself as a central event of the industry, impatiently awaited and seriously prepared for by all the participants.

Please accept my sincere congratulations on the impeccable track record you have established.

Coincidentally, BP celebrated its 25th anniversary in Azerbaijan last year.

For the past quarter century, we are proud to have been associated with all the major oil and gas developments in the country since the late President Heydar Aliyev opened doors to foreign investors.

However, I do not intend to talk through the long list of achievements.

This has been well covered in previous years at this Oil and Gas conference.

I just want to underline that at the foundation of this success lies the strategic partnership with SOCAR and the government of Azerbaijan.

It is a strategic partnership that has taken us through many decades of collaboration, including truly world class projects such as Shah Deniz, Azeri-Chirag-Gunashli, and a whole host of new opportunities that are in the making.

Speaking about world scale projects, yesterday we witnessed another milestone – the official inauguration of the first gas into the Southern Gas Corridor.

This was the culmination of many years of hard work, by thousands of people, across many countries, despite the seemingly unsurmountable barriers.

Together with the government of Azerbaijan, our partners in Shah Deniz, SOCAR, Turkish Petroleum, Petronas, Lukoil, NICO and SGC, as well as multiple stakeholders in the wider region we have made it.

A true achievement on a global scale and once again I'd like to congratulate all those involved.

Well, the past is impressive, the present is glorious, but what about the future?

Of course, we will continue producing oil and gas from ACG and Shah Deniz – safely, reliably, and to the benefit of the government of Azerbaijan, our partners, and the people of Azerbaijan.

We have development plans for both fields stretching out to the middle of the century.

But now I would like to provide a more detailed view on how, together with SOCAR, we will continue our quest for resources in the Caspian and the wider region.

There are three distinct exploration projects I want to underline:

- Shafag-Asiman
- Shallow Water Absheron Peninsula
- and Block D230.

All three of them are being explored based on 50/50 ownership agreements between SOCAR and BP.

Let's start with **Shafag-Asiman**.

BP and SOCAR signed a production sharing agreement for the Shafag-Asiman structure in the Azerbaijan sector of the Caspian Sea in 2010.

This marked the beginning of BP's bilateral cooperation with SOCAR in offshore exploration and development.

The block lies some 125 kilometers to the south-east of Baku and covers an area of some 1100 square kilometers.

It is located in a deepwater section of about 650-800 meters, with reservoir depth of about 7000 meters.

By early 2012 the Gilavar seismic vessel completed the planned 3D seismic acquisition on the structure, the first 3D seismic conducted over the contract area.

The data was then processed in Azerbaijan, the largest 3D survey processed in-country.

Our teams are now planning an exploration well, with the view to start drilling in mid-2019.

If we make a commercial discovery, this can be the next Shah Deniz.

Let me move to **Shallow Water Absheron Peninsula**.

In December 2014, BP and SOCAR signed a production sharing agreement to explore for and develop potential prospects in the shallow water area around the Absheron Peninsula.

Following the ratification of the agreement by the Parliament in May 2015, BP performed a seismic acquisition program.

Covering an area of 1300 square kilometers, this has become the largest shallow water seismic survey in the Caspian.

This was accomplished with BP's independent simultaneous source technology, which allows the use of multiple sources and greatly reduces acquisition time.

In October 2017, after interpreting the seismic data, BP and SOCAR agreed to drill exploration wells in three prospective areas.

So now our teams are working on well planning, with the aim to start drilling in early 2019.

Finally, I would like to say a few words about **Block D230**.

On 26 April 2018, BP and SOCAR signed a 25-year production sharing agreement for the joint exploration and development of Block D230.

The agreement was signed in London, on 10 Downing Street, in the presence of President Ilham Aliyev and UK Prime Minister Theresa May.

This agreement gives BP access to an approximately 3200 square kilometer area offshore to conduct exploration activities over the next five years to assess the resource potential.

If successful, the area has the potential to be the largest oil development in Azerbaijan since BP developed the Azeri-Chirag-Gunashli fields.

In the event of a commercial discovery, BP will be looking to invest billions of dollars into drilling wells, constructing onshore and offshore facilities and laying subsea pipelines.

On top of these three exploration projects, BP and SOCAR continue to evaluate potential future prospects both inside and outside the Caspian.

I believe this gives you a good round impression of what we have in stock for the forthcoming years – in fact, decades.

Of course, as operator, we will continue bringing the industry's most complex and advanced technologies and expertise to the Caspian to deliver these projects safely, efficiently and reliably.

With our quarter-century track record of great partnership and successful delivery we are well positioned to make this long-term exploration quest a lasting success.

But all that I have said so far reflects the business side of BP.

When you are involved in such strategic projects, you naturally become woven into the fabric of society.

That is why, over the past 25 years, BP and our partners have remained committed corporate citizens of Azerbaijan, engaging in a wide range of activities that directly benefit the communities in our neighbourhood and the society at large.

Our operations and projects have created tens of thousands of local jobs.

Our social investments have covered education, culture, sport, and enterprise development.

One such recent investment, which I am really proud of, is the sponsorship of a documentary film and a book devoted to the founders of Azerbaijan Democratic Republic – the first parliamentary democracy in the Muslim East.

The premiere of the film, which was produced by the Baku Media Centre and supported by the Heydar Aliyev Foundation, was held last Friday.

Both the book and the film are exceptional pieces combining research and art, and I hope this sponsorship falling on the 100th anniversary of Azerbaijan Democratic Republic represents a tribute to our Azerbaijani employees, their families and fellow-citizens who rightfully love their country and are proud of their history.

Thank you!

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[Presentation slides](#)