The Azerbaijan-Georgia-Turkey (AGT) Region
**BP’s position in Region**

**Diverse portfolio:**
- Giant oil and gas/condensate fields
- Oil and gas pipelines
- Exploration prospects

**Key oil & gas assets in the Region are operated by BP**
AGT 20+ years of success

**Azeri Chirag Gunashli (ACG) giant field**
- ACG PSA until 2024 with potential renewal
- STOIIP ~16bn bbls
- 2.9 billion barrels of oil produced since 1997

**Shah Deniz (SD) giant field**
- Shah Deniz PSA allows for extension until 2048
- STOIIP ~9.4bn boe
- >2.5 trillion cubic feet of gas and 142 million barrels of condensate produced

**Sangachal terminal capacity**
- 1.2 million barrels of oil/day and 41.5 mmscm of gas/day

**Major pipelines capacity**
- Baku Tbilisi Ceyhan pipeline capacity 1.2 million barrels/day
- South Caucasus pipeline had 18.6 million cubic metres of gas/day in 2015

**Other key facts**
- $60+ billion gross total investment
- 25,000+ people involved in operations and projects

Note: All numbers quoted on the slide are gross
Track record of developing and operating giant oil/gas fields

- **Sangachal Terminal**
  - First operations: October 1997

- **Shah Deniz Bravo**
  - Planned production: 2018

- **Deepwater Gunashli**
  - First production: April 2008

- **Heydar Aliyev**
  - First production: November 1997

- **West Chirag**
  - First production: January 2014

- **West Azeri**
  - First production: December 2005

- **Central Azeri**
  - First production: February 2005

- **East Azeri**
  - First production: November 2006

**Notes:**
1. Istiglal and Dada Gorgud drilling rigs are operated by Caspian Drilling Company
2. Heydar Aliyev drilling rig is operated by Maersk
Top quartile safety and environmental performance

API Tier 2 Process Safety Incidents frequency

Recordable Injury frequency

Flaring Intensity te / kte production
Top quartile operating efficiency and plant reliability

- **Plant Reliability and Operating Efficiency** - systematic investment into sustained plant and wells reliability
- **Turnarounds** – near 100% scope and schedule attainment over last 4 years
- **Managing deferrals** - Steady year-on-year improvement

Efficient reliable operations…

![Graph showing Plant Reliability and Operating Efficiency from 2013 to 2016 Apr YTD]

...drive reduced losses and improved production delivery

![Bar chart showing mboed deferred from 2013 to 2016 goal]
Top quartile drilling performance

- Continuous **improvement over the last 4 years**
- **Optimized** Well Design and Construction
- Focus on **Execution Excellence**

Reduced non-productive time contributes to higher delivery

Decreasing well delivery duration in ACG field, days/well

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 (Q1)</th>
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<tbody>
<tr>
<td>Annual Well count</td>
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<td>Non productive time</td>
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ACG – flat production

- Production **decline mitigated**
- **Efficient** new wells
- **Continuous use of technology**

![Advanced Seismic Imaging](image1)
![Sand Control](image2)
![BP Well Advisor](image3)
![Enhanced Oil Recovery](image4)
Shah Deniz (Phase 1 and debottlenecking) - increasing capacity and top performing wells

- Reliable supplier to the market
- Top producing wells in BP portfolio
- Optimized early field development
- Near 100% operating efficiency for last 4 years
Intense Cost Management

Gross operating costs are back to 2010 level...

- Cost efficiency being delivered **without compromising safety and integrity**
- Embedding the cost management culture – making it “stick”
- Top down & bottoms up **throughout the organization**
- Driving for organizational **efficiency and effectiveness**
- Capturing **market** efficiencies and deflation
Shah Deniz field and Southern Corridor – an integrated value chain

- New and expandable infrastructure, linking Caspian resources to Europe

- Supported by 6 transit countries, 11 shareholders and 11 gas buyers

- Initial capacity of 16 BCMA underpinned by long term gas sales agreements

- Unlocking future Caspian gas potential

- All projects in execute stage
Shah Deniz field and Southern Corridor – diverse sources of value

**Midstream**
- Stable income source
- BP is shipper and owner
- Scalable for future supplies

**Gas**
- Diverse markets
- Large producing wells
- Further volume upside

**Condensate**
- High return value stream
- Established route to markets via Baku-Tbilisi-Ceyhan pipeline

*BP Net cash at $50/bbl real, cumulative till 2030

BP’s equity and sources of value are balanced through whole value chain
Shah Deniz 2 Project Progress

- **30 months** post sanction
- **Very strong safety** performance
- **10% capital reduction** via optimization
- **20% better drilling** performance vs FID
- **On plan** to deliver 1st Gas in 2018

Production & Riser Deck

Subsea Construction Vessel

Waste Heat Recovery Units at Sangachal Terminal

North Flank Manifold Foundation Base Structures Being Installed

Production & Riser Jacket

Pipelay in Azerbaijan
Beyond 2020 - future growth

Giant field extension and growth
- Shah Deniz
- ACG

New Exploration
- Shafag Asiman - gas
- Shallow Water Absheron Peninsula (SWAP) - oil
- D230 block – MOU is signed

Infrastructure
- Unlocking future gas potential for the Southern Gas Corridor
Future Growth Potential

- **Potential for further >30 years** of exploring, developing and operating projects in the Region

- **Strong** incumbent position

- **Rich exploration** portfolio coupled with experience and good knowledge of the basin

- **Good reputation and relations** with government and stakeholders