

## BP starts-up landmark Shah Deniz 2 development in Azerbaijan

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- BP-operated \$28 billion project starts-up on time and on budget
- Provides gateway for new supplies of energy into Europe
- Second of six major projects expected onstream for BP this year

BP and its partners in the Shah Deniz consortium today announced the start-up of the landmark Shah Deniz 2 gas development in Azerbaijan, including its first commercial gas delivery to Turkey.

The BP-operated \$28 billion project is the first subsea development in the Caspian Sea and the largest subsea infrastructure operated by BP worldwide. It is also the starting point for the Southern Gas Corridor series of pipelines that will for the first time deliver natural gas from the Caspian Sea direct to European markets.

BP group chief executive Bob Dudley said: “Shah Deniz 2 is one of the biggest and most complex new energy projects anywhere in the world, comprising major offshore, onshore and pipeline developments. BP and our partners have safely and successfully delivered this multi-dimensional project as designed, on time and on budget.

“Together with the Southern Gas Corridor pipeline system, Shah Deniz 2 will deliver significant new energy supplies to Europe, further diversifying its sources of energy and providing new supplies of natural gas which will be essential in the energy transition.

“This milestone achievement is a credit to the Shah Deniz partners and to our close co-operation with the governments of Azerbaijan, Georgia and Turkey, building on the relationships BP has built in the region over more than 25 years.”

Shah Deniz 2 is BP’s largest new upstream project in 2018, and, following Atoll in Egypt, is the second of six project start-ups expected for the year. This string of developments will follow from 2017’s seven major project completions and is key to delivering the 900,000 barrels of oil equivalent new production that BP expects from new upstream major projects by 2021.

At plateau, Shah Deniz 2 is expected to produce 16 billion cubic meters of gas per year (bcma) incrementally to current Shah Deniz production. Together with output from the first phase of development, total production from the Shah Deniz field will be up to 26 bcma of gas and up to 120,000 barrels of condensate a day.

Offshore, the Shah Deniz 2 project includes 26 subsea wells, 500km of subsea pipelines and flowlines and two new bridge-linked platforms. Gas is transported onshore through a 85 km pipeline to the Sangachal terminal near Baku, which underwent a major expansion to accommodate the new increased gas output. The project also includes the new South Caucasus pipeline expansion - 428km of new pipeline in Azerbaijan and 59km in Georgia, including two new compressor stations – carrying Shah Deniz gas to Turkey.

Bernard Looney, BP's chief executive, Upstream, said: "Bringing this huge project online within the schedule and budget we set out at sanction 4½ years ago is further evidence of our focus on efficient and disciplined project execution. As our largest start-up for the year, Shah Deniz 2 is also a very important milestone in delivering our plans for growth, including from our pipeline of new higher-margin projects."

"As can be seen from our recent agreements, we expect to be operating in Azerbaijan for decades to come and we continue to see opportunities to work with the country to further explore and develop its significant resources," he added.

The development is a major milestone in the creation of the new Southern Gas Corridor which, once completed, will transport Caspian gas directly into the heart of European markets for the first time. From the South Caucasus pipeline, gas is transported across Turkey through the new Trans-Anatolian Pipeline (TANAP), which was inaugurated earlier this month, and, when complete, the Trans-Adriatic Pipeline (TAP) will then supply gas as far as Greece, Albania and Italy. Commercial deliveries to Europe are expected to commence in 2020.

Shah Deniz, located in the Caspian Sea offshore Azerbaijan, is the largest gas discovery ever made by BP. Discovered in 1999, the giant field was estimated to hold approximately 1 trillion cubic metres of gas and covers approximately 860 square kilometres, roughly the same size and shape of Manhattan Island. The first phase of field development, Shah Deniz 1, began production in 2006 and currently supplies gas to Azerbaijan, Georgia and Turkey.

At peak, the Shah Deniz 2 development, which was sanctioned in 2013, supported more than 30,000 jobs in Azerbaijan and Georgia and in total included over 180 million hours of work.

## Notes to editors

- The Shah Deniz consortium is: BP, 28.8% - operator; TPAO,19%; Petronas,15.5%; AzSD, 10.0%; SGC Upstream, 6.7%; Lukoil,10%; and NICO,10%.
- BP and partners signed the production sharing agreement (PSA) for the development of the Shah Deniz gas condensate field in the Caspian in 1996 and production began in 2006. The development of Shah Deniz 2 was approved and sanctioned in late 2013.
- When complete, the Southern Gas Corridor will in total comprise 3,500km of pipelines, including the South Caucasus Pipeline Expansion (SCPX) across Azerbaijan and Georgia, the Trans-Anatolian Pipeline (TANAP) across Turkey and the Trans-Adriatic Pipeline (TAP). When fully complete, currently expected in 2020, it will transport gas from Azerbaijan through Georgia, Turkey, Greece, Albania and under the Adriatic Sea to Italy.
- BP and partners signed its first PSA in Azerbaijan with SOCAR, covering the development of the Azeri, Chirag and Deepwater Gunashli (ACG) field, in 1994. Production from ACG began in 1997 and the field has since produced over 3.3 billion barrels of oil.
- In 2017, SOCAR and the ACG partners signed an amended and restated PSA for ACG that extends to the end of 2049.
- BP has also signed a number of exploration PSAs with SOCAR: a PSA for the Shafag-Asiman offshore block signed in 2010; a PSA for the shallow water area around the Absheron Peninsula in 2014; and, most recently, a PSA for the joint exploration and development of Block D230 in the North Absheron basin, signed in April 2018.

## Photos:

Please find the links to downloadable photos, including illustration maps

Sangachal Terminal: [https://www.flickr.com/photos/bp\\_images/42139945465](https://www.flickr.com/photos/bp_images/42139945465)

Shah Deniz 2 pipeline: [https://www.flickr.com/photos/bp\\_images/42323543054](https://www.flickr.com/photos/bp_images/42323543054)

Shah Deniz Bravo platform: [https://www.flickr.com/photos/bp\\_images/42139945075](https://www.flickr.com/photos/bp_images/42139945075)

Southern Gas Corridor: [https://www.flickr.com/photos/bp\\_images/42366769314](https://www.flickr.com/photos/bp_images/42366769314)

Shah Deniz 2 map: [https://www.flickr.com/photos/bp\\_images/42366769444](https://www.flickr.com/photos/bp_images/42366769444)

## BP Cautionary statement:

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Our most recent Annual Report and Form 20-F and other period filings are available on our website at [www.bp.com](http://www.bp.com), or can be obtained from the SEC by calling 1-800-SEC-0330 or on its website at [www.sec.gov](http://www.sec.gov).