

## Shah Deniz 2 - signing ceremony address

**Speaker:** Bob Dudley, Group Chief Executive

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**Venue:** Baku - Heydar Aliyev Centre

President Aliyev, Prime-Ministers, Ministers, Commissioner, Excellencies, partners, colleagues, ladies and gentlemen, good morning.

What a great day this is!

It's a great day for Azerbaijan.

It's a great day for all the countries that will benefit from this project – including Georgia, Turkey, Greece, Bulgaria, Albania and Italy. And for Montenegro, Bosnia Herzegovina and Croatia

And of course it's a great day for BP and our partners in the Shah Deniz consortium.

We're celebrating the final decision to go ahead with one of the largest and most complex endeavours ever undertaken by the global oil and gas industry.

Let me take just a few moments to look at what this means for the countries involved; for the companies involved; and for the energy industry as a whole.

### **Significance for countries**

First, as President Aliyev has said: "The Southern Corridor will change the energy map of Europe and open up additional opportunities for this country and countries in the region."

I absolutely agree. Indeed, it could be the shape of things to come, particularly for Turkey as a regional energy hub and for the European countries.

As we know, the EU has relatively little in the way of gas reserves. In fact, Azerbaijan alone has proved gas reserves equivalent to more than half those of the EU.

Yet the EU is surrounded by competitive natural gas supplies – not only from this region - but from Norway, North Africa, Russia, the Middle East and potentially the East Mediterranean.

It makes sense for Europe to seek access to more of these supplies – especially as recently, imported coal from the US has become a more economical option than gas for many power generators.

Shah Deniz Two and the Southern Corridor show how this can be achieved and they may prove to be a trailblazer.

However, the project is not only significant for the consumer countries.

It is also a tremendous boost for the producing nations, including Azerbaijan.

Very few projects have the ability to define the future of a country and change the energy landscape of a region.

However, Shah Deniz 2 is one of those projects and it opens another chapter in Azerbaijan's proud history of energy leadership.

Azerbaijan can be aptly described as the birthplace of the world oil industry. The first oil well here was drilled near Baku in 1846 – over 20 years before the first modern well in America.

At the beginning of the 20th century, Azerbaijan was producing more than half of the world's supply of oil.

The country experienced a renaissance after regaining independence in the early 1990s.

This was linked to the development of the giant Azeri-Chirag-Gunashli oil field and the Baku-Tbilisi-Ceyhan pipeline which have been providing oil to global markets. And since that time Azerbaijan has provided a business environment that has encouraged foreign investment and development.

Now, in the 21st Century, Azerbaijan is poised again to provide energy security to Europe – this time in the form of natural gas from Shah Deniz.

The project represents the largest foreign direct investment made in Azerbaijan and it further strengthens this country's economy.

It is expected to create well over 10,000 jobs here in construction and other industries.

Virtually all of the platform and subsea structures will be constructed here so this is a great opportunity for Azerbaijan to build upon its strong capability in fabrication and construction. And in BP we'll continue to support the development of the country's energy skills.

Beyond Azerbaijan we expect the project to create a further 20,000 jobs, as well as providing a new source of energy.

I would like to offer sincere thanks on behalf of the companies involved in this project to President Aliyev and the leaders of the other countries involved for their support in making this possible.

### **Significance for companies**

This project is also of great significance for the companies involved in Shah Deniz and the pipelines: SOCAR, Statoil, Total, Lukoil, NICO, TPAO, BOTAS, Fluxys, E.ON, Axpo and BP.

In my view, it is a project that could only be undertaken collectively because of its scale and complexity.

We have brought together experience and resources and I want to thank our colleagues in all those companies for their partnership and participation.

This will also be a great project for our shareholders – and a very long-term one. Today's decision means that gas contracts valued at some \$100 billion over 25 years with nine European companies will now come into effect.

So this undertaking will be one that delivers value for many years to come – and in fact we have increased the level of our investment today. It will also be one that creates great opportunities for our staff.

I am also very pleased that the Shah Deniz team have agreed terms with SOCAR to immediately expand production through the existing Shah Deniz operation by 1.4 billion cubic metres of gas a year.

And today's announcement is by no means the end of the story. SOCAR and the Shah Deniz partners have also agreed terms to further extend the Shah Deniz production sharing agreement up to the year 2048 and undertake exploration and appraisal work on prospects in the area. So Shah Deniz is set to carry on delivering energy well into the second half of the 21<sup>st</sup> century.

### **Significance for industry**

Finally let me say a few words about the significance of this project for the industry.

It is not only a large, flagship project but also a ground-breaking one.

In particular, there will be a series of industry firsts in the technology deployed at Shah Deniz 2.

For now, I just want to conclude by saying that BP is immensely proud to be part of this historic moment, made possible by the efforts of so many people. Let me reiterate my thanks to all the partners and the governments involved.

Thank you, President Aliyev for your personal support today. Our team look forward to working with all of you on this great enterprise for many years to come.