



press release

30 June 2021

bp increases production at Oman's Block 61

- Production increase will generate value for Oman and the Block 61 partnership.
- Delivering resilient and focused hydrocarbons in support of new strategy.

MUSCAT, Sultanate of Oman. bp, in partnership with OQ, PTT Exploration and Production Public Company Limited (PTTEP), PETRONAS and the Ministry of Energy & Minerals, has announced that it has significantly increased production from the Block 61 gas field in central Oman.

Gas production has increased to 1.5 billion cubic feet per day (bcf/d), from its current level of around 1bcf/d. Associated condensate production is also expected to rise. The increase will generate value for the Oman government and Block 61 partnership.

bp-operated Block 61 was developed in two stages – Khazzan, that began production in 2017, and Ghazeer, that started up last year. It is a high-quality, highly efficient development, designed from the outset to incorporate a number of lower emissions technologies.

bp Oman president Yousuf Al Ojaili commented: “bp is building a balanced portfolio that will continue to generate both cash and value as we transform from an international oil company to an integrated energy company. A core part of this strategy is our resilient and focused hydrocarbons business, of which Block 61 is an excellent example, offering stable, long-term returns.”

“We are committed to supporting the sustainable development of Oman’s economy and are proud of our strategic partnership with the Sultanate. Gas from Block 61 is a key part of the integrated energy value chain and will play a core role in Oman’s future development. We appreciate the collaborative support we have received from the Oman government and our partners in delivering this increase in production.”

With an estimated 10.5 trillion cubic feet of recoverable gas resources, Block 61 supplies over 30% of Oman’s total gas demand.

Gas from Block 61 is distributed for domestic consumption - industrial and power - through Oman’s national gas grid and is used as fuel for power plants, and feedstock to industries and to Oman LNG.

bp prioritises in-country value throughout its operations. During the development of Block 61, bp has worked closely with local vendors to develop their capabilities and help them be competitive both in Oman and globally, resulting in a number of contracts and technical scopes moving from international to local Omani contractors. Updated, industry-leading policies and procedures on workers' welfare and human rights have also been embedded throughout the development.

At the end of 2020, Omanization in bp Oman reached around 85% and Block 61 spend with Omani-registered companies exceeded \$610 million.

Notes to editor

- bp has had an upstream presence in Oman since 2007.
- **Block 61 ownership:** bp 40%; Makarim Gas Development Limited (OQ) 30%; PTTEP 20%; PC Oman Ventures Limited (PETRONAS) 10%.
- **Timeline:**
 - **2007:** production sharing agreement for Block 61 Khazzan field signed.
 - **2007-2013:** appraisal confirmed existence of significant tight gas resources.
 - **2013:** first phase of field development, Khazzan, sanctioned.
 - **2016:** bp signed an agreement with the Government of the Sultanate of Oman to amend the Block 61 Exploration and Production Sharing Agreement (EPSA). This added a further 1,150km² to the south and west of the original 2,800km² Block 61 development, allowing a second phase of development, Ghazeer.
 - **Sept 2017:** first gas from Block 61 Phase 1 Khazzan project delivered ahead of schedule.
 - **April 2018:** second phase of field development, Ghazeer, sanctioned.
 - **Jan 2019:** bp and ENI sign heads of agreement with the Government of the Sultanate of Oman to work jointly towards a significant exploration opportunity in Block 77. Six months later an EPSA was signed.
 - **March 2020:** royal decree permits exploration activities in Block 77 to progress, including seismic data processing and the drilling of one exploration well within the next three years.
 - **Oct 2020:** first gas from Ghazeer delivered ahead of schedule.
 - **Feb 2021:** bp agrees to sell 20% stake in Block 61 to Thailand's PTTEP.
- Block 61 is **one of the Middle East's largest tight gas accumulations**, in which gas lies at depths of up to five kilometres in narrow bands of hard, dense rock. bp is a pioneer in tight gas and has applied its technology and expertise to develop this resource.
- **Development:** The development of Block 61 (Khazzan and Ghazeer) comprises a three-train central gas processing facility; a water treatment plant; 400km of gas and condensate export pipelines; a waste management area; an electricity substation; almost 500km of roads; and over 60km of water pipelines. 132 wells have been drilled, with more planned over the lifetime of the project.
- **Reducing emissions:** Applying lessons learned from onshore operations in the US, Block 61 wells are tested using the 'green completions' concept, which sends hydrocarbons during testing to a production facility instead of flaring them. Since adopting this approach in 2019, 201,000 tonnes of CO₂e emissions have been eliminated – equivalent to removing 44,000 cars from the road for a year. bp is also focused on identifying and eliminating methane emissions. A state-of-the-art methane fugitive emissions technology, which has the ability to identify very small gas releases, has been piloted at Block 61.

- **Distribution:** Gas from Block 61 is distributed for domestic consumption via Oman's national gas grid, while also boosting availability of feedstock supply for Oman LNG. bp Trading and Shipping purchases 1.1 million tonnes a year of LNG from Oman LNG under a seven-year deal that started in 2018.

Further enquiries

- bp Oman press office: +968 7927 0628 (Arabic); +968 9786 0638 (English)

Cautionary statement:

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA'), bp is providing the following cautionary statement. This press release contains certain forward-looking statements – that is, statements related to future, not past events and circumstances – which may relate to one or more of the financial condition, results of operations and businesses of bp and certain of the plans and objectives of bp with respect to these items. These statements are generally, but not always, identified by the use of words such as 'will', 'expects', 'is expected to', 'aims', 'should', 'may', 'objective', 'is likely to', 'intends', 'believes', 'anticipates', 'plans', 'we see' or similar expressions. Actual results may differ from those expressed in such statements, depending on a variety of factors including the risk factors set forth in our most recent Annual Report and Form 20-F under "Risk factors" and in any of our more recent public reports.

This document contains references to non-proved resources and production outlooks based on non-proved resources that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262.

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

– ENDS –