



# Business Update

1<sup>st</sup> quarter 2018 results

# Performance (end of 1Q2018)

## Production

•	<b>ACG</b>	
	— oil (mb/d)	597
	— oil (mmte)	7
•	<b>SD</b>	
	— gas (bcm)	2.7
	— condensate (mmte)	0.6

## Opex (\$ million)

•	<b>ACG</b>	102
•	<b>BTC</b>	30
•	<b>SD</b>	123
•	<b>SCP</b>	8

## Capex (\$ million)

•	<b>ACG</b>	260
•	<b>BTC</b>	5
•	<b>SD</b>	415
•	<b>SCP</b>	165

# 1Q2018 Highlights

- ACG completed 5 oil producer wells; total oil production from ACG since start is about 3.3 billion barrels.
- Shah Deniz 1 continued plateau production; total production from Shah Deniz since start is more than 91 billion standard cubic metres of gas and about 23 million tonnes of condensate.
- The Shah Deniz 2 and South Caucasus Pipeline Expansion (SCPX) projects continued to progress to schedule - over 99% of first gas scope is completed.
- Shah Deniz Bravo start-up preparations are progressing well; 14 wells drilled and seven wells completed; Shah Deniz 2 onshore facilities at the Sangachal terminal are now operational with hydrocarbons already introduced into the system;
- Over 24,000 people were involved at peak in Shah Deniz 2 and SCPX activities in Azerbaijan.
- The processing and interpretation of 3D seismic data for the Shallow Water Absheron Peninsula (SWAP) completed. A Notice of Prospectivity signed with SOCAR.

# Shah Deniz 2 and SCPX

Contracts to sell gas to Turkey (6bcma) and Europe (10bcma)

- First commercial deliveries to Turkey expected in 2018

16bcma expansion of SCP:

- new SCPX 48" loop in Azerbaijan/Georgia
- 2 new compressor stations in Georgia
- Over 99% of first gas scope is completed

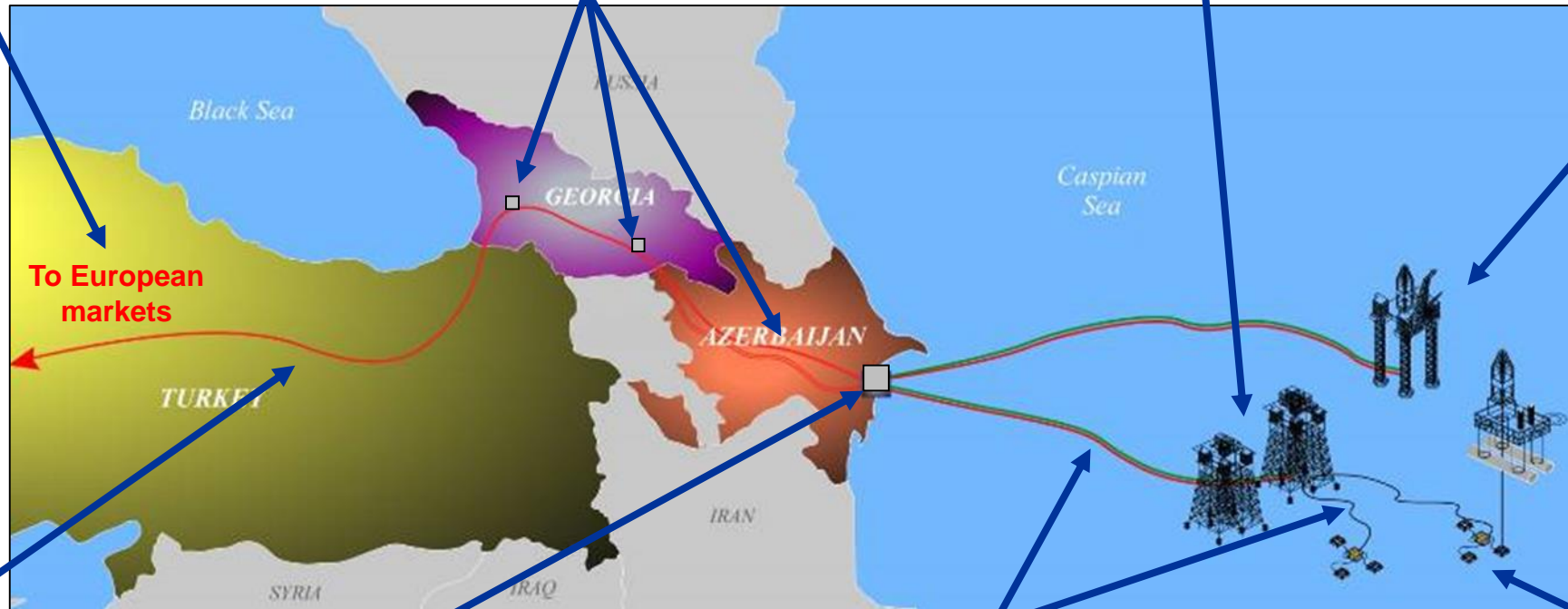
Two new bridge-linked platforms:

- Completed and installed offshore in 2017
- Commissioning ongoing

Existing (Alpha) platform

1Q2018 production:

- Gas: 2.7 bscm
- Condensate: 0.6 mln tons



1,900km TANAP pipeline (not operated by BP) across Turkey

New gas and condensate processing facilities with export gas compression at Sangachal now operational with hydrocarbons introduced into the system

360km of pipelines and 125km of subsea flow-lines in up to 550m water depth.

- Pipelines and flowlines for first gas completed

26 subsea wells to be drilled and completed with two semi-submersible rigs:

- 14 wells already drilled
- Four wells completed on the North Flank
- Three wells completed on the West Flank

# Shah Deniz 2 / SCPX in pictures



**Subsea Construction Vessel 'Khankendi'**

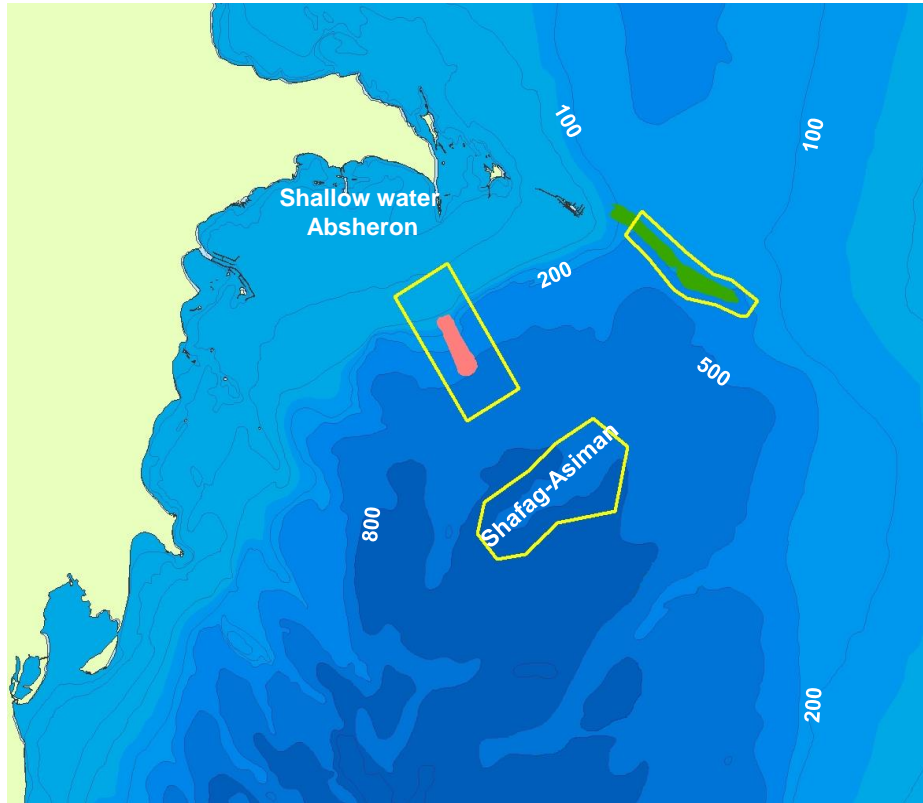
**Shah Deniz 2 (Bravo) platforms**



# Shah Deniz 2 / SCPX in pictures



# Exploration opportunities



## Shallow Water Absheron Peninsula (SWAP)

- South of the Absheron Peninsula
- Water depth: up to 40m
- PSA signed in December 2014
- 2D seismic survey completed in December 2015
- 3D seismic survey completed in December 2016 using BP's advanced, proprietary Independent Simultaneous Source with Nodes (ISSN™) technology.
- More than 1300 square kilometres of 3D data recorded
- Interpretation and processing of the 3D data completed in 4Q 2017
- A Notice of Prospectivity signed with SOCAR, planning continues for the first exploration well

## Shafag-Asiman

- 60km from Shah Deniz; 145km from the Sangachal terminal
- Water depth: 600-800m
- PSA signed in October 2010
- 3D seismic acquisition conducted
- Data processing completed in 2014
- Interpretation of the seismic dataset completed
- Planning for the first exploration well continues

# Local content and social initiatives in 1Q2018

<b>National contractors/suppliers</b> (Azerbaijan-Georgia-Turkey region) <sup>1</sup>	<b>Number</b>	<b>Spend</b> (\$ million)	
Small and medium enterprises	231	701	} 59% of total third party expenditure
State-owned companies	33	58	
Joint ventures with national partners	18	1017	
In-country spend with foreign suppliers		414	
<b>Total in-country spend</b> <sup>2</sup>		2190	

1. National supplier expenditure is updated twice a year. This data is for the full year 2017.

2. This amount represents BP's direct spend with national suppliers and indirect (subcontracted) spend on national labour/services/materials in contracts with international suppliers working in the region

## Social initiatives in Azerbaijan (\$ thousand disbursed)

BP & co-venturers in BP-operated projects	684.8
BP100%	353.7
<b>Total</b>	<b>1,038.5</b>

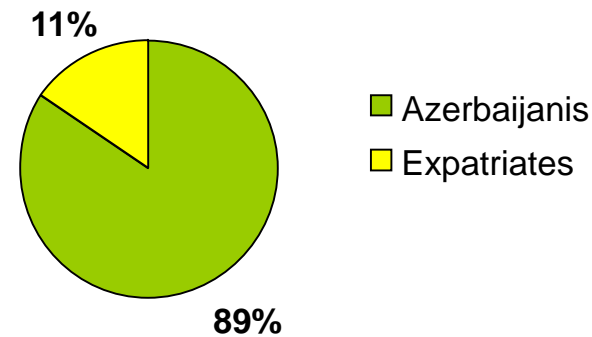




# Employment of Azerbaijani nationals

- 2,688 Azerbaijanis directly employed by BP (including fixed-term employees)
- 89% of professionals in Azerbaijan comprised of national employees

Permanent professional employees in Azerbaijan



# Major social investment initiatives

- The enterprise development programme -support for building local entrepreneurship capacities and business development;
- Support for building local capabilities - the School of Project Management; upgrading agricultural vocational education; support for the establishment of effective migration services management;
- Capacity-building, awareness raising and infrastructure improvement programmes for communities; creating opportunities for disabled people; development of agricultural skills and occupations;
- Support for education through local universities, schools and kindergartens; a new Big Data Research Centre established;
- Partnership with the National Olympic and Paralympic Committees and support for the development of national teams and athletes; Official Partner of Baku 2017 Islamic Solidarity Games;
- Support for cultural legacy programmes - full documentary videos about Garabagh horses, the jazz virtuoso Vagif Mustafazade, the last session of the Democratic Republic's Parliament; publication of research works on Tabriz miniature art, Y.V. Chamanzaminli and his novel "Ali and Nino", the founders of the first Democratic Republic in the East.

