



# Business Update

2018 full year results

# Performance (end of 2018)

## Production

•	<b>ACG</b>	
	— oil (mb/d)	584
	— oil (mmte)	29
•	<b>SD</b>	
	— gas (bcm)	11.5
	— condensate (mmte)	2.5

## Opex (\$ million)

•	<b>ACG</b>	505
•	<b>BTC</b>	116
•	<b>SD</b>	578
•	<b>SCP</b>	39

## Capex (\$ million)

•	<b>ACG</b>	1,150
•	<b>BTC</b>	41
•	<b>SD</b>	1,444
•	<b>SCP</b>	352

# 2018 Highlights

- Total oil production from ACG since start is about 3.5 billion barrels. ACG completed 14 oil producer wells and 3 water injectors in 2018.
- In 2018, Shah Deniz celebrated 100 billion cubic metres of total gas production from the field since the start of operations. Total condensate production from Shah Deniz since start is about 25 million tonnes.
- The Shah Deniz 2 and South Caucasus Pipeline Expansion (SCPX) system was officially inaugurated at the Sangachal Terminal on 29 May 2018.
- Commercial gas deliveries to Turkey from the Shah Deniz 2 development project commenced as planned on 30 June 2018.
- Shah Deniz Bravo first production was achieved on 30 July 2018.
- 90% nationalization of BP's professional staff in Azerbaijan was achieved in 2018.
- Planning for the first wells drilling on the exploration contract areas continued.

# Shah Deniz 2 and SCPX

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

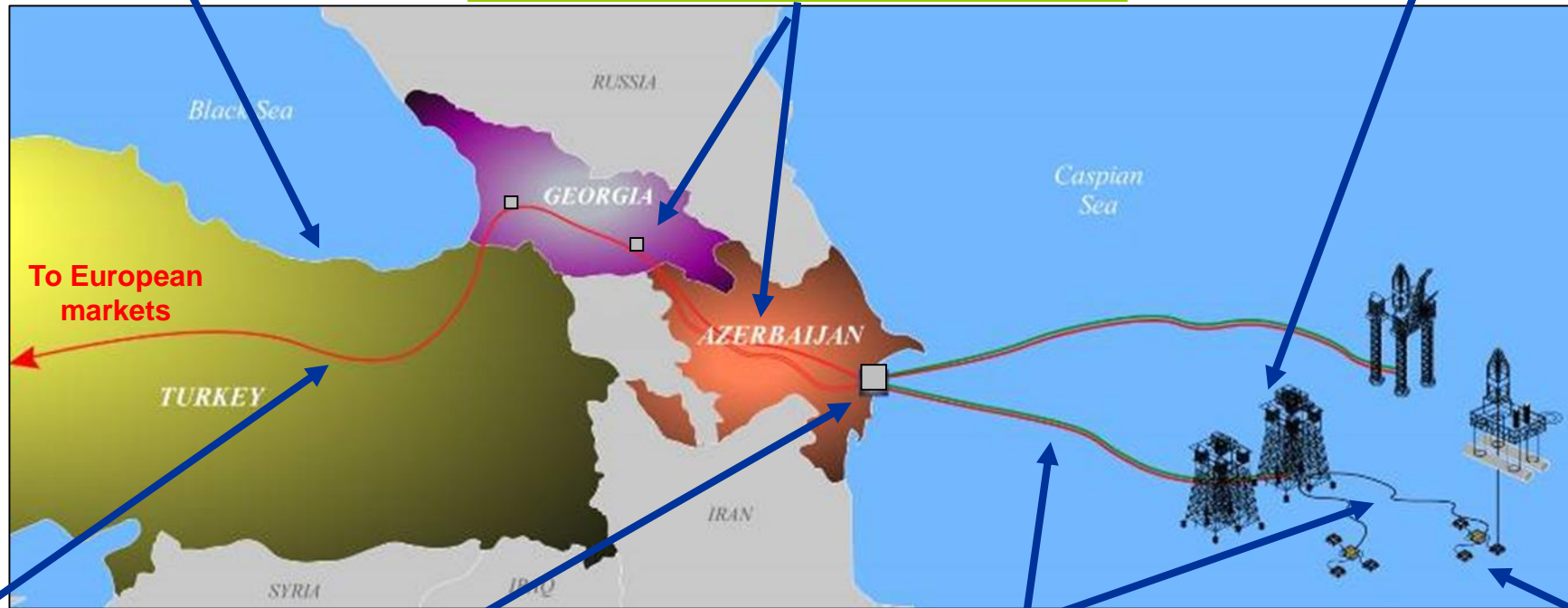
- First commercial deliveries to Turkey commenced on 30 June 2018

16bcma expansion of SCP:

- new SCPX 48" loop in Azerbaijan/Georgia
- 2 new compressor stations and a new pressure reduction and metering station in Georgia
- Started up on 30 June 2018 with first commercial deliveries to Turkey

Two new bridge-linked platforms:

- First production achieved on 30 July 2018



1,900km TANAP pipeline (not operated by BP) across Turkey inaugurated in 2018 to receive first commercial deliveries

New gas and condensate processing facilities with export gas compression at Sangachal officially inaugurated on 29 May 2018 and now operational

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

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

- 15 wells already drilled
- Completed 4 wells on the North Flank, 4 wells on the West Flank and 3 wells on the East South Flank

# Shah Deniz Bravo facilities



**Subsea Construction Vessel 'Khankendi'**

**Shah Deniz Bravo platforms**



# Expanded Sangachal terminal





# Shah Deniz 2 / SCPX official inauguration at the Sangachal terminal





# Shah Deniz 2 first commercial deliveries to Turkey commenced on 30 June 2018



Shah Deniz Bravo platforms



Sangachal terminal



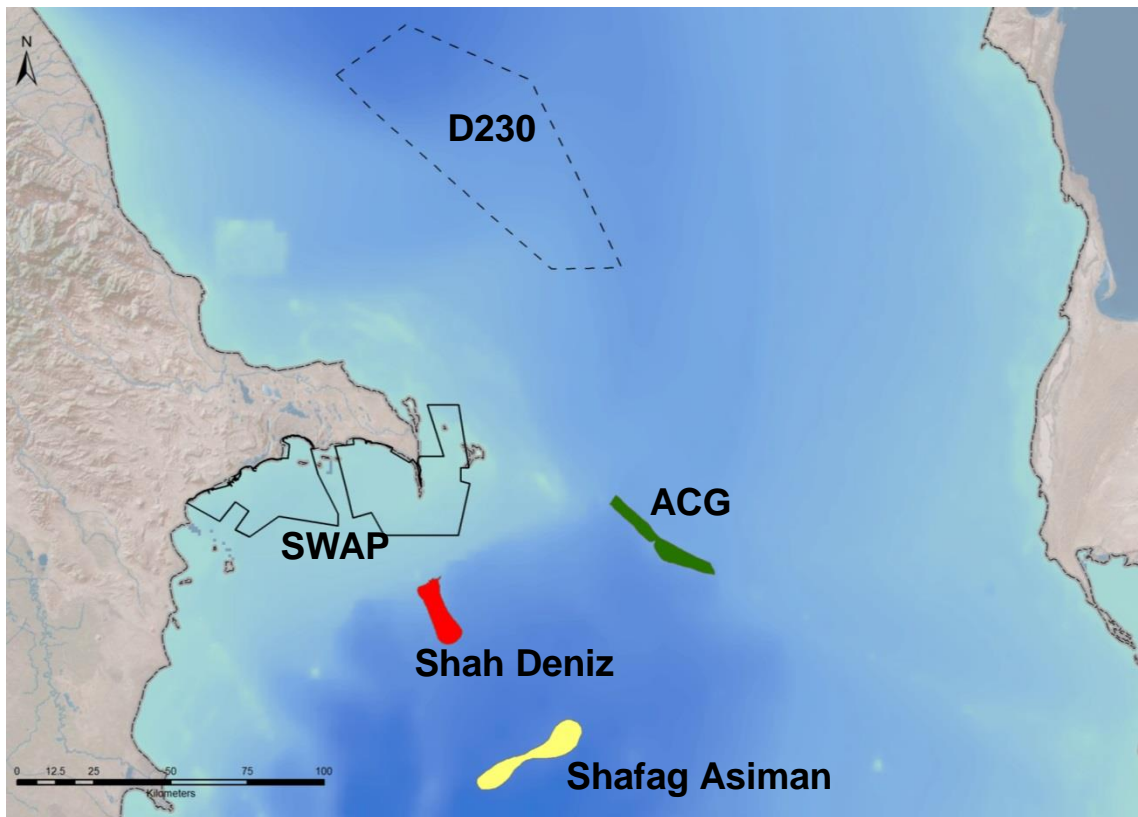
SCPX construction



TANAP construction



# Exploration opportunities



## Shallow Water Absheron Peninsula (SWAP)

- Water depth: up to 40m
- PSA signed in December 2014
- 3D seismic survey completed in December 2016 using BP's advanced, proprietary Independent Simultaneous Source with Nodes (ISSN™) technology.
- More than 1300 km<sup>2</sup> 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
- Interpretation of the seismic dataset completed
- Planning for the first exploration well continues

## D230

- PSA signed in April 2018; a seismic survey planned for 2019

## Gobustan

- BP assigned 61% participating interest in the existing PSA; an exploration well planned for 2019

# Local content and social initiatives in 2018

<b>National contractors/suppliers</b> (Azerbaijan-Georgia-Turkey region) <sup>1</sup>	<b>Number</b>	<b>Spend</b> (\$ million)	
Small and medium enterprises	249	305	} 48% of total third party expenditure
State-owned companies	39	34	
Joint ventures with national partners	14	585	
In-country spend with foreign suppliers		724	
<b>Total in-country spend</b> <sup>2</sup>		1650	

1. National supplier expenditure is updated twice a year. This data is for full year 2018.

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)

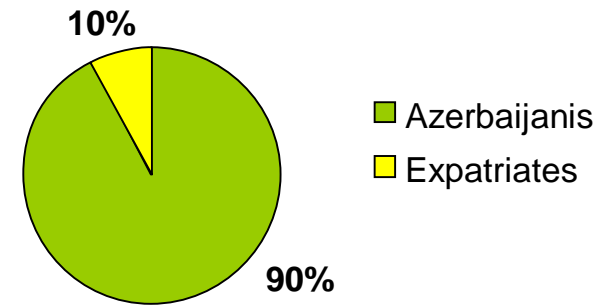
BP & co-venturers in BP-operated projects	3,029
BP100%	1,074
<b>Total</b>	<b>4,103</b>



# Employment of Azerbaijani nationals

- 2,534 Azerbaijanis directly employed by BP (including fixed-term employees)
- 90% 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 - upgrading agricultural vocational education; support for the establishment of effective migration services management; modernization of monitoring and evaluation e-infrastructure through development of a sophisticated software;
- Capacity-building, awareness raising and infrastructure improvement programmes for communities; new opportunities for income generation and small business development in communities; employment opportunities for disabled people; development of agricultural skills and occupations;
- Support for education through local universities, schools and kindergartens, translation into Azerbaijani and publication of the world's three most widely used textbooks on Economics, a new Big Data Research Centre; new IT curriculum for secondary schools; business education for engineering students; support for 11<sup>th</sup> grade students' preparations for university admission; English language for communities;;
- Partnership with the National Olympic and Paralympic Committees to support national sport development; support for national teams and a group of selected athletes;
- Support for cultural legacy programmes – thorough research and publication on the founders of Azerbaijan's first Democratic Republic, a full documentary on the last session of the Azerbaijan Democratic Republic's Parliament, publication of a research book on Kelaghayi art.

