



# Business Update

The results of 2017 first three quarters

# Performance (3Q year-to-date)

## Production



## Opex (\$ million)



## Capex (\$ million)

# 2017 highlights

- ACG delivered 15 oil producer wells and 4 water injection wells - total oil production from ACG is around 3.2 billion barrels since start.
- The amended and restated ACG production sharing agreement was signed on 14 September and was ratified by the Parliament of Azerbaijan on 31 October.
- Shah Deniz (SD) Stage 1 continued plateau production - total production from Shah Deniz since start is more than 86 billion standard cubic metres of gas and more than 21 million tonnes of condensate.
- The Shah Deniz Stage 2 (SD2) and South Caucasus Pipeline Expansion (SCPX) projects continued to progress to schedule - over 97% of work completed to support First Gas.
- SCPX construction and commissioning scope across Azerbaijan and Georgia about 98% completed.
- Over 24,000 people involved at peak in SD2 and SCPX activities in Azerbaijan.
- The processing of 3D seismic data for the Shallow Water Absheron Peninsula (SWAP) continued

# Shah Deniz Stage 2 and SCPX

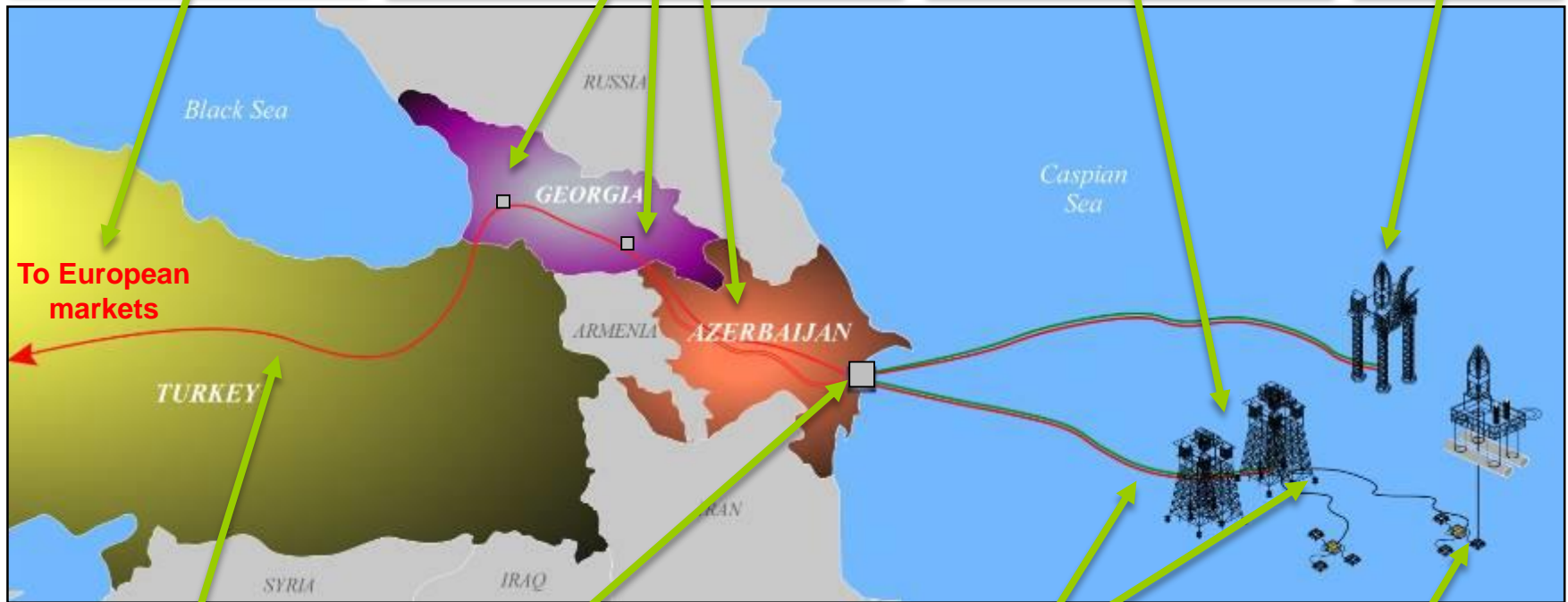
Contracts to sell gas to Turkey (6bcma) and Europe (10bcma)

16bcma upgrade of SCP:

- new SCPX 48" loop in Azerbaijan/Georgia
- 2 new compressor stations in Georgia

Two new bridge-linked platforms providing 16bcma offshore processing

Existing (Alpha) platform



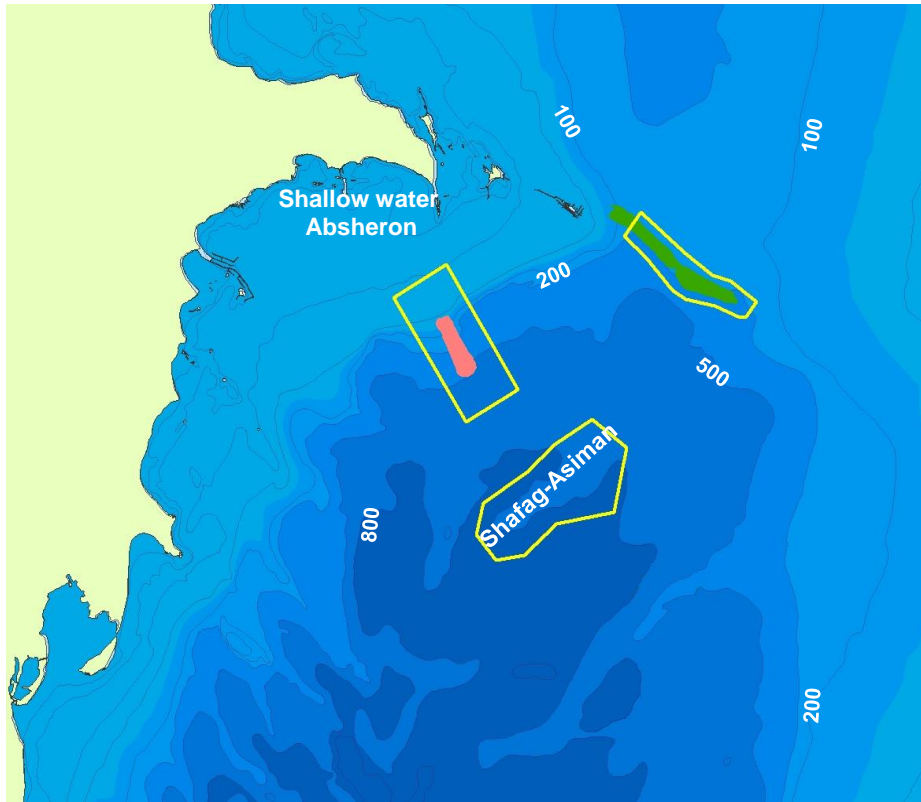
1,900km TANAP pipeline (not operated by BP) across Turkey

New gas and condensate processing facilities with export gas compression at Sangachal

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

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

# 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 is being finalized, interpretation is planned to be completed by 4Q 2017

## 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 2017

## Local contractors/suppliers (Azerbaijan-Georgia-Turkey region) <sup>1</sup>

	Number	Spend (\$ million)	
Small and medium enterprises	227	427 <sup>2</sup>	} 46% of total third party expenditure
State-owned companies	33	25	
Joint ventures with local partners	15	565	
In-country spend with foreign suppliers		207	
<b>Total in-country spend <sup>3</sup></b>		<b>1225</b>	

1. The data on local suppliers is updated twice a year. This data is for the first half of 2017.

2. This amount also includes expenditures with physical persons.

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

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

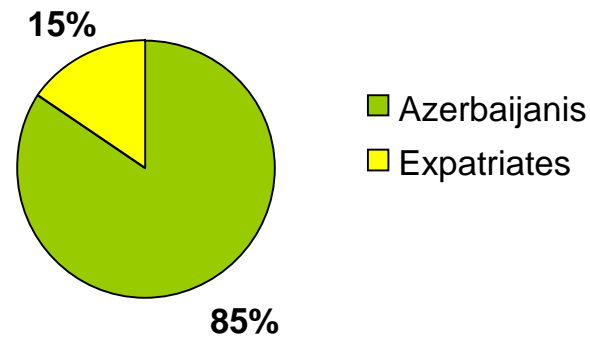
ACG	415.0
Shah Deniz	241.8
BTC/SCP	999.8
BP100	4,070.7
<b>Total</b>	<b>5,727.3</b>



# Employment of Azerbaijani nationals

- 2,739 Azerbaijanis directly employed by BP
- 85% 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 along the pipeline routes; development of agricultural skills and opportunities;
- Support for education through local universities, schools and kindergartens;
- 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 and the jazz virtuoso Vagif Mustafazade; publication of research works on Tabriz miniature art, Y.V. Chamanzaminli and his novel “Ali and Nino”.

