

This business update is a joint press release issued by BP Exploration (Caspian Sea) Limited, in its capacity as operator of the Azeri-Chirag-Gunashli (ACG) field, as manager of the Baku-Tbilisi-Ceyhan (BTC) pipeline and as common operator of the BTC pipeline and the South Caucasus Pipeline (SCP), and by BP Exploration (Shah Deniz) Limited in its capacity as operator of the Shah Deniz field, with each of these entities providing information relevant to its project and making any statements applicable to its project.



BUSINESS UPDATE

First half 2021 results

5 August 2021

Azeri-Chirag-Deepwater Gunashli (ACG)

ACG participating interests are: bp (30.37%), SOCAR (25.0%), MOL (9.57%), INPEX (9.31%), Equinor (7.27%), ExxonMobil (6.79%), TPAO (5.73%), ITOCHU (3.65%), ONGC Videsh Limited (OVL) (2.31%).

BP Exploration (Caspian Sea) Limited is the operator on behalf of the Contractor Parties to the ACG Production Sharing Agreement.

In the first half of 2021, we spent about \$266 million in operating expenditure and more than \$846 million in capital expenditure on ACG activities.

Despite the challenges and restrictions caused by the pandemic, the Azeri Central East (ACE) project remained resilient during the first half of the year along with the other bp-operated activities.

The shipment of major equipment packages and bulk materials to Baku continued in support of the fabrication schedule. The subsea structure and spools installation engineering works were completed in the second quarter.

Fabrication activities on the topsides and drilling facilities continued at the fabrication yard in Bibi-Heybat. These included progressing the drill floor fabrication on the drilling equipment support module, mechanical package installation, pipe fabrication, erection and cable pulling. The skid deck rail machining commenced. The living quarters modules were delivered to Baku and offloaded at the yard, with the first three modules already lifted.

At the Heydar Aliyev Baku Deepwater Jackets factory (BDJF) the jacket fabrication continued at multiple work fronts. Welding of the centre box frames progressed, preparation for the jacket skidding commenced.

During the second quarter, the project also progressed the offshore installation works associated with the spare power scope on the East Azeri platform, to allow the ACE platform to draw power from the Azeri field optimising power generation across the assets.

At the Sangachal terminal, the design of the onshore control room was completed allowing to commence the planned modifications in the fourth quarter.

Overall, the engineering, procurement and fabrication works remain on track to support first production from the ACE project in 2023.

In the first half of 2021, ACG completed a high-density seismic survey aimed to better understand the reservoir and target production and water injection activities to maximize efficient production from the ACG field. The survey activities, which lasted six months and involved three vessels, were delivered safely and on schedule. In addition to the crewed vessels, an unmanned surface vessel (USV) and a mini remotely operated underwater vehicle (ROV) were utilized during the survey.

Production

During the second quarter, ACG continued to safely and reliably deliver stable production. Total ACG production for the first half of 2021 was on average about 468,000 barrels per day (b/d) (about 85 million barrels or 11 million tonnes in total) from the Chirag (30,000 b/d), Central Azeri (111,000 b/d), West Azeri (118,000 b/d), East Azeri (78,000 b/d), Deepwater Gunashli (88,000 b/d) and West Chirag (43,000 b/d) platforms.

As part of our ACG annual work programme, a planned maintenance programme (turnaround - TAR) was successfully implemented on the West Azeri platform in the second quarter.

In accordance with the plan, production from the West Azeri platform was suspended for about 13 days to enable efficient maintenance, inspection and project work. The programme, which was designed to maintain the long-term ability of the platform to produce in a safe, reliable and environmentally sound way, was completed safely and ahead of schedule.

At the end of the quarter, 131 oil wells were producing, while 44 were used for water and eight for gas injection.

Drilling and completion

In the first half of 2021, ACG completed six oil producer and three injector wells.

Associated gas

During the first half, ACG delivered an average of 9.1 million cubic metres per day of ACG associated gas to SOCAR (1.6 billion cubic metres in total), primarily at the Sangachal terminal but also to SOCAR's Oil Rocks facility. The remainder of the associated gas produced was re-injected for reservoir pressure maintenance.

Sangachal terminal

During the first half of 2021, oil and gas from ACG and Shah Deniz continued to flow via subsea pipelines to the Sangachal terminal.

The daily capacity of the terminal's processing systems is currently 1.2 million barrels of crude oil and condensate, and about 81 million standard cubic metres of Shah Deniz gas, while overall processing and export capacity for gas, including ACG associated gas is around 100 million standard cubic metres per day.

During the first six months, the Sangachal terminal exported about 115 million barrels of oil and condensate. This included about 99 million barrels through Baku-Tbilisi-Ceyhan (BTC) and about 16 million barrels through the Western Route Export Pipeline (WREP).

Gas is exported via the South Caucasus Pipeline (SCP), the South Caucasus Pipeline expansion system and via SOCAR gas pipelines connecting the terminal's gas processing facilities with Azerigas's national grid system.

On average, about 55 million standard cubic metres (about 1,930 million standard cubic feet) of Shah Deniz gas was exported from the terminal daily in the first half of the year.

In the second quarter of 2021, bp arranged together with the Management Union of Medical Territorial Units (TABIB) of Azerbaijan a voluntary on-site COVID-19 vaccination

campaign for the employees and workforce of the Sangachal terminal. By the end of the quarter, about 66% of the terminal personnel including bp employees and workforce, were vaccinated without leaving their workplaces, with no impact on their work schedule or the site's quarantine rules.

Baku-Tbilisi-Ceyhan (BTC)

The BTC Co. shareholders are: bp (30.1%); AzBTC (25.00%); MOL (8.90%); Equinor (8.71%); TPAO (6.53%); Eni (5.00%); Total (5.00%), ITOCHU (3.40%); INPEX (2.50%), ExxonMobil (2.50%) and ONGC (BTC) Limited (2.36%).

In the first half of 2021, BTC spent more than \$69 million in operating expenditure and more than \$12 million in capital expenditure.

Since the 1,768 km BTC pipeline became operational in June 2006 till the end of the second quarter of 2021, it carried a total of 3.66 billion barrels (more than 488 million tonnes) of crude oil loaded on 4,796 tankers and sent to world markets.

In the first half, around 99 million barrels (more than 13 million tonnes) BTC-exported crude oil was lifted at Ceyhan loaded on 137 tankers.

The BTC pipeline currently carries mainly ACG crude oil and Shah Deniz condensate from Azerbaijan. In addition, other volumes of crude oil and condensate continue to be transported via BTC, including volumes from Turkmenistan, Russia and Kazakhstan.

Shah Deniz

Shah Deniz participating interests are: bp (operator – 28.8%), TPAO (19.0%), PETRONAS (15.5%), AzSD (10.0%), LUKOIL (10.0%), NICO (10.0%) and SGC Upstream (6.7%).

In the first half of 2021, Shah Deniz spent more than \$1.14 billion in operating expenditure and around \$366 million in capital expenditure, the majority of which was associated with the Shah Deniz 2 project.

In the second quarter of the year, Shah Deniz celebrated its 25th anniversary since the signing of the Shah Deniz Production Sharing Agreement (PSA). The PSA was signed on 4 June 1996 between SOCAR and a consortium of foreign companies. It was ratified by the Milli Majlis and became effective on 17 October the same year. The Shah Deniz 25th

anniversary marks an important milestone in the new history of Azerbaijan's oil and gas industry.

Production

During the first six months, the Shah Deniz field continued to provide deliveries of gas to markets in Azerbaijan (to SOCAR), Georgia (to GOGC and SOCAR), Turkey (to BOTAS) and to BTC Company in multiple locations. Gas deliveries to buyers in Europe that started on 31 December 2020 also continued during the first half of 2021.

In the first half of the year, the field produced 10 billion standard cubic metres (bcm) of gas and around 1.9 million tonnes (15.1 million barrels) of condensate in total from the Shah Deniz Alpha and Shah Deniz Bravo platforms.

The existing Shah Deniz facilities' production capacity is currently about 70 million standard cubic metres of gas per day or more than 25 bcma.

The Shah Deniz 2 project

In the second quarter of 2021, the Shah Deniz 2 project achieved the start-up of the East South flank at 540m water depth – a major milestone planned for 2021 and delivered safely, on schedule and within the budget. Production from this deep-water flank commenced on 30 June following the successful completion of all related offshore construction and commissioning works. It is expected that the flank will be at full production rates in the third quarter of 2021.

Drilling

During the second quarter of 2021, the Shah Deniz Alpha platform rig was on warm stack.

The Istiglal rig delivered three subsea wells completions - SDF03, SDF04 and SDC05. The Maersk Explorer drilled the SDH03 lower section to its final depth and suspended the well.

The above two rigs have already drilled 21 wells in total and completed 19 out of those for Shah Deniz 2 production and subsequent ramp-up. The completed wells include five wells on the North Flank, four wells on the West Flank, four wells on the East South Flank, four wells on the West South Flank and two wells on the East North flank. One well on the West South flank and one well on the East North flank were drilled to final depth and suspended.

The South Caucasus Pipeline (SCP)

The SCP Co. shareholders are: bp (28.8%), TPAO (19.0%), PETRONAS (15.5%), AzSCP (10.0%), NICO (10.0%), LUKOIL (10.0%) and SGC Midstream (6.7%).

In the first half of 2021, SCP spent around \$27 million in operating expenditure and around \$11 million in capital expenditure in total.

The SCP has been operational since late 2006, transporting Shah Deniz gas to Azerbaijan, Georgia and Turkey. The expanded section of the pipeline commenced commercial deliveries to Turkey in June 2018 and to Europe in December 2020.

During the first half of 2021, the daily average throughput of SCP was 46.51 million cubic metres of gas per day.

Exploration

On the Shafag-Asiman offshore block, the drilling of the first exploration well was completed in March 2021 to the base of the Fasila reservoir to a depth of 7,189 metres. The well encountered gas condensate resource in some of the penetrated reservoirs. However, the resource needed further evaluation and therefore it was decided to suspend the well to allow the evaluation of its results and the planning of the next steps for appraisal. These steps will potentially include reprocessing of the data followed by a sidetrack appraisal well.

In the Shallow Water Absheron Peninsula (SWAP) area, preparations are ongoing for the drilling of exploration wells in three prospective areas. The Environmental and Socio-economic Impact Assessment (ESIA) for the first SWAP well was disclosed in August 2020 and following public discussions was approved by the government in January 2021. Plans are to spud the first exploration well in the third quarter of 2021.

On D230, the interpretation of the seismic data is currently ongoing. If the results from the interpretation of the seismic survey are positive, bp will consider further exploration activities.

People

At the end of the second quarter of 2021, the number of bp's Georgian national employees was 231.

99% of bp Georgia's professional staff are Georgian citizens.

bp will continue its efforts to optimize its learning and development programmes and will actively participate in public and private sector initiatives contributing to the development of the local talent market.

Social Investment

The success of projects in the Caspian region depends, in part, on the operators' ability to create tangible benefits from these projects for the people of the region. To achieve this, bp and the co-venturers continue to implement major social investment projects, which include educational programmes, building skills and capabilities in local communities, improving access to social infrastructure in communities, supporting local enterprises through provision of access to finance and training, support for cultural legacy and sport, as well as technical assistance to public institutions.

In the first quarter of 2021, bp and the co-venturers in bp-operated joint ventures spent more than \$0.2 million in Georgia on social investment projects.

Some of the examples of the social investment projects in Georgia are:

bp (on behalf of the co-venturers in the joint ventures that bp operates in Georgia) is implementing Community Development Initiative phase 6 (CDI 6) in 98 communities along BTC/SCP pipeline, with budget 1,584,883 USD; Program started in August 2018 and will be ended in December 2021.

The program is focused on social impact in terms of population integration and engagement through combining their forces around the projects of community interest, as well as supporting viable business opportunities, establishing strong private sector through small start-up business, as well as agri-business development.

Program proposes to support communities to rehabilitate 44 rural infrastructures, support 210 small business development, create at least 280 jobs. 80 youth will benefit in Rustavi target schools via participating in competence building programs.

In 2 Q, 2021 program achieved the following

- 4 infrastructure rehabilitation projects funded, cumulative – 41
- Communities initiated to plant 30 more trees around the rehabilitated projects sites; total number of planted trees by communities reached 480 trees
- 18,600 Households benefited from Infrastructure rehabilitation

- 15 more small businesses granted via the grant competition, bringing together 210 small and medium size businesses granted in total
- 66% businesses are led by women
- Average monthly profit generated by the granted businesses vary between 1,600 GEL – 3,100 GEL
- Businesses operators are coached in business management technics like SWOT analysis, cost accounting, customer feedback assessment
- 50 more farmers were trained agricultural technologies, total number of farmers who improved knowledge in agricultural technologies reached 148
- 53 farmers participated in climate smart agriculture and global warming awareness sessions. 148 farmer is total

bp (on behalf of the co-venturers in the joint ventures that bp operates in Georgia) is implementing Small Business Development Project, phase 3 (SBDP3) in 121 communities along WREP pipeline with budget 610,620 USD; Program started in July, 2018 and will be ended in December 2021.

The program is focused on social and economic development of the pipeline communities through supporting establishment of the small businesses and scaling up the existed enterprises as well as strengthening entrepreneurs' skills via education in business administration. Program is aimed to support establishment of 244 small businesses, create of at least 290 jobs.

- 16 start-up businesses funded; cumulative 264
- 22 small businesses granted to scale up business activities; cumulative 40
- Businesses supported creation of 290 jobs in total
- Average monthly profit generated by the granted businesses vary between 520 GEL – 3,000 GEL
- 179 coaching session provided to businesses; total number of coaching sessions are 1,850
- 68 farmers participated in climate smart agriculture and global warming awareness sessions; total 110