

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 quarter 2023 results

4 May 2023

#### 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%), ONGCVidesh (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 quarter of 2023, we spent about \$115 million in operating expenditure and \$372 million in capital expenditure on ACG activities.

During the quarter, the Azeri Central East (ACE) platform jacket sailed away from the Heydar Aliyev Baku Deepwater Jackets Factory, where it was built, to its permanent location at the ACG field and was installed in a water depth of 137 metres. The jacket was fully commissioned and tested onshore prior to its sail away on 16 March. It is now ready waiting for the platform's topsides unit.

The jacket subsea structures and spools fabrication is currently 94% complete.

The ACE platform topsides unit and drilling facilities fabrication and commissioning activities continued at the fabrication yard in Bibi-Heybat. The construction and commissioning works are now in the final stages and expected to be completed in the second quarter of 2023.

Once fully completed and operationally tested, the topsides unit will be loaded out onto the transportation barge STB-1, transported to the ACG field and installed onto the jacket.

The subsea oil pipeline isolation tool was launched and the works to isolate the pipeline topsides were also completed in the first quarter. The diving support vessel completed the tie-in of the existing 30" spool, while the Citadel vessel commenced the isolation tool reversal activity.

Offshore construction works for the Central Azeri platform telecom modifications for ACE also commenced in the first quarter.

By the end of the quarter, the ACE project had reached 86 per cent progress milestone.

## **Production**

During the first quarter of 2023, ACG continued to safely and reliably deliver stable production. Total ACG production for the quarter was on average about 386,000 barrels per day (b/d) (about 35 million barrels or 5 million tonnes in total) from the Chirag (24,100 b/d), Central Azeri (100,000 b/d), West Azeri (93,300 b/d), East Azeri (64,200 b/d), Deepwater Gunashli (69,400 b/d) and West Chirag (35,000 b/d) platforms.

At the end of the quarter, 139 oil wells were producing, while 42 were used for water and eight for gas injection.

## **Drilling and completion**

In the first quarter, ACG completed two oil producer and two water injector wells.

## **Associated gas**

During the quarter, ACG delivered an average of around 6.5 million cubic metres per day of ACG associated gas to the state of Azerbaijan (0.6 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

In the first quarter of 2023, 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 quarter, the Sangachal terminal exported about 56 million barrels of oil and condensate. This included about 55 million barrels through Baku-Tbilisi-Ceyhan (BTC) and around 1 million barrels through the Western Route Export Pipeline (WREP).

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

On average, around 73 million standard cubic metres (about 2,583 million standard cubic feet) of Shah Deniz gas was sent from the terminal daily during the first quarter of 2023.

## Baku-Tbilisi-Ceyhan (BTC)

In the first quarter of 2023, BTC spent about \$34 million in operating expenditure and \$10 million in capital expenditure.

Since the 1,768 km BTC pipeline became operational in June 2006 till the end of the first quarter of 2023, it carried a total of over 4 billion barrels (more than 539 million tonnes) of crude oil loaded on 5,314 tankers and sent to world markets. The 4 billion barrels of oil export milestone was achieved on 18 January 2023.

In the first quarter, around 53 million barrels (about 7 million tonnes) of BTC-exported crude oil was lifted at Ceyhan loaded on 70 tankers.

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

## Shah Deniz

Shah Deniz participating interests are: bp (operator – 29.99%), SGC (21.02%), LUKOIL (19.99%), TPAO (19.00%) and NICO (10.00%).

In the first quarter of 2023, Shah Deniz spent around \$678 million in operating expenditure and around \$194 million in capital expenditure, the majority of which was associated with the Shah Deniz 2 project.

## Production

During the quarter, the Shah Deniz field continued to provide gas to markets in Azerbaijan (to Azerkontrakt), Georgia (to GOGC), Türkiye (to BOTAS), to the BTC Company in multiple locations and to buyers in Europe.

In the first three months of 2023, the field produced about 7 billion standard cubic metres (bscm) of gas and more than 1 million tonnes (about 9 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 74 million standard cubic metres of gas per day or approximately 27 bcma.

## The Shah Deniz 2 project

In the first quarter of 2023, the Shah Deniz 2 project progressed on schedule towards the production start-up from the East North flank in the fourth quarter of the year.

The installation and testing activities continued both subsea and on the topsides modules onboard the Shah Deniz Bravo platform. The project successfully completed the installation of new subsea trees on the West South and East North flanks ahead of the Istiglal rig arrival and commenced testing of the East North flank production flowlines.

## Drilling

During the first quarter of the year, the Shah Deniz Alpha platform rig was on warm stack.

For the Shah Deniz 2 project, completion activities continue using the Istiglal rig.

In total 21 wells have been drilled for Shah Deniz 2. These include five wells on the North flank, four wells on the West flank, four wells on the East South flank, five wells on the West South flank and three wells on the East North flank.

### The South Caucasus Pipeline (SCP)

SCPC shareholders are: bp (29.99%), SGC (21.02%), LUKOIL (19.99%), TPAO (19.00%) and NICO (10.00%).

In the first quarter of 2023, the SCP spent around \$20 million in operating expenditure and more than \$2 million in capital expenditure in total.

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

During the quarter, the daily average export throughput of the SCP was 61.6 million cubic metres of gas per day.

### Exploration

In the first quarter of 2023, we started drilling activities on two new wells:

- an exploration well (SDX-8) in the Shah Deniz contract area under the agreement on the exploration, development and production sharing for the Shah Deniz prospective area in the Azerbaijan sector of the Caspian Sea. The well was spudded on 20 January 2023 and is being drilled with the Heydar Aliyev semi-submersible rig. It is located in the eastern flank of the Shah Deniz field. The well is to evaluate the deeper reservoirs beneath the existing Shah Deniz producing layers. It is planned to drill the well to a total depth of around 7000 meters which will take approximately a year.
- an appraisal well (A22z) on the Azeri-Chirag-Gunashli structure, which is for acquiring data about the deep-lying gas reservoirs beneath the currently producing oil field. The well was spudded on 7 February 2023 and is drilled from the Chirag platform as a sidetrack from an existing injector well. It targets to reach deep gas reservoirs in the south flank location of the structure. If successful, the data acquired from the well will help increase the structural understanding of the area and the pressures in the deep reservoirs.

In the first quarter, we also continued the interpretation of the results of the reprocessing of the data obtained from the first exploration well - SAX01, drilled in the Shafag-Asiman

offshore exploration contract area. This interpretation work is required to evaluate the gas condensate resource encountered in the well and plan the next stage of exploration activities.

## **People**

In the 1Q 2023, the number of bp's Georgia national employees was 233.

99% of bp Georgia's professional staff are nationals.

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 its 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 2022, bp and its co-venturers in the bp-operated joint ventures spent about USD 792,500 in Georgia on social investment projects.

In the 1Q 2023 bp (on behalf of its co-venturers in the joint ventures that it operates) continued social investment initiatives in support of local capacity-building and enterprise development throughout Georgia to assist the country in strengthening its economy.

In addition, in the 1Q 2023, bp continued supporting various social and sponsorship projects in Georgia. These projects include education and environmental initiatives and projects aimed at promoting the country's cultural heritage and sport.

For more information about bp and its co-venturers' social investment projects please visit the bp Georgia website at [www.bpgeorgia.ge](http://www.bpgeorgia.ge)