

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

1st quarter 2022 results

5 May 2022

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 quarter of 2022, we spent about \$133 million in operating expenditure and \$396 million in capital expenditure on ACG activities.

During the quarter, the Azeri Central East (ACE) project progressed according to the plan along with the other bp-operated activities.

The ACE topsides and drilling facilities fabrication activities continued at the fabrication yard in Bibi-Heybat. In February, the topsides fabrication staff achieved a significant milestone - 10 million work-hours without a safety incident.

Several major liftings were safely completed at this site during the quarter. These included the main power generator exhaust structure, the flare base section and the gas

injection compressor lifts. In addition, the dropped object structure and the topsides under deck platform with all related piping and equipment were installed. The drilling pipe erection and hydrotesting at grade are close to completion and the topsides pipe erection is progressing ahead of schedule. The drilling module commissioning continued at grade with the function testing of some parts already completed. Planning works continued for the drilling module disconnect and moves to support jack and skid onto the topsides planned for the second quarter of the year. The topsides commissioning progressed with the emergency switchboard energized and the living quarters switch room and battery rooms handed over to commissioning.

At the Heydar Aliyev Baku Deepwater Jackets factory (BDJF), the jacket fabrication progressed. The east tower frame was safely lifted onto the jacket and this was the final main lift of the permanent jacket structure. The post roll-up welding of the next frame – frame 7 to the centre box was completed while the post roll-up welding of the tower frames onto the Jacket is ongoing.

The pipelay barge 'Israfil Huseynov' completed the installation of the ACE oil and gas lines.

The dive system reactivation on board the Diving Support Vessel "Tofiq Ismayilov" has also been completed.

The offshore installation works associated with the spare power scope on the East Azeri platform also progressed during the quarter.

Modification construction works for operations control from shore have commenced at Sangachal Terminal.

At the end of the first quarter of 2022, the ACE project reached the 70% progress milestone. The project construction activities are currently at peak and involve about 5,500 people across Baku, Europe and the UK, with the majority of them being Azerbaijani nationals.

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

Production

During the first quarter of 2022, ACG continued to safely and reliably deliver stable production. Total ACG production for the quarter was on average about 434,000 barrels per day (b/d) (about 39 million barrels or 5 million tonnes in total) from the Chirag (25,000 b/d), Central Azeri (106,000 b/d), West Azeri (112,000 b/d), East Azeri (70,000 b/d), Deepwater Gunashli (79,000 b/d) and West Chirag (42,000 b/d) platforms.

At the end of the quarter, 137 oil wells were producing, while 37 were used for water and eight for gas injection.

Drilling and completion

In the first quarter, ACG completed three oil producer wells.

Associated gas

During the first quarter, ACG delivered an average of around 12 million cubic metres per day of ACG associated gas to the state of Azerbaijan (1 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 2022, 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 more than 57 million barrels of oil and condensate. This included about 51 million barrels through Baku-Tbilisi-Ceyhan (BTC) and around 6 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 71 million standard cubic metres (about 2,500 million standard cubic feet) of Shah Deniz gas was sent from the terminal daily during the first quarter of 2022.

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%); TotalEnergies (5.00%), ITOCHU (3.40%); INPEX (2.50%), ExxonMobil (2.50%) and ONGC (BTC) Limited (2.36%).

In the first quarter of 2022, BTC spent about \$9 million in operating expenditure and about \$4 million in capital expenditure.

On 23 March 2022, BTC reached a significant milestone by loading the 5000th tanker of oil transported from the Sangachal terminal near Baku across Azerbaijan, Georgia and Turkey to Ceyhan.

Since the 1,768 km BTC pipeline became operational in June 2006 till the end of the first quarter of 2022, it carried a total of 3.82 billion barrels (more than 509 million tonnes) of crude oil loaded on 5,007 tankers and sent to world markets.

In the first quarter, around 51 million barrels (about 6.7 million tonnes) of BTC-exported crude oil was lifted at Ceyhan loaded on 68 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 continue to be transported via BTC.

Shah Deniz

Shah Deniz participating interests are: bp (operator – 29.99%), LUKOIL (19.99%), TPAO (19.0%), AzSD (14.35%), NICO (10.0%) and SGC Upstream (6.67%).

In the first quarter of 2022, Shah Deniz spent around \$759 million in operating expenditure and around \$88 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 deliveries of gas to markets in Azerbaijan (to Azerkontrakt), Georgia (to GOGC), Turkey (to BOTAS), to the BTC Company in multiple locations and to buyers in Europe.

In the first three months of 2022, the field produced more than 6 billion standard cubic metres (bscm) of gas and more than 1 million tonnes (more than 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 72 million standard cubic metres of gas per day or more than 26 bcma.

The Shah Deniz 2 project

In the first quarter of 2022, the Shah Deniz 2 project progressed on schedule towards the production start-up from the West South flank in the middle of the year.

The subsea construction vessel Khankendi safely completed most of the subsea installation activities on the West South flank including the installation of subsea pipelines, production trees, manifolds and control umbilicals. The diving activities for pipeline tie-ins progressed with the view to be completed in the second quarter.

In parallel, the project progressed with the topsides construction activities on the Shah Deniz Bravo platform. These activities are currently nearing completion. The pre-commissioning and testing activities for both topsides and subsea parts of the project are progressing on schedule. The best practices and experience from the start-up of the first deep water flank - East South - are being widely applied throughout the West South flank construction activities.

Drilling

In the first quarter of 2022, the Shah Deniz Alpha platform rig was on warm stack.

The Istiglal and Maersk Explorer rigs have already drilled 21 wells in total and completed 19 out of those for the 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 the final depth and suspended.

The South Caucasus Pipeline (SCP)

The SCP Co. shareholders are: bp (29.99%), LUKOIL (19.99%), TPAO (19.0%), AzSCP (14.35%), NICO (10.0%) and SGC Midstream (6.67%).

In the first quarter of 2022, the SCP spent around \$14 million in operating expenditure and around \$0.3 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 quarter, the daily average export throughput of the SCP was 56.2 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. Post-well analysis of the data received during the drilling is currently ongoing and includes processing of the original seismic data. This analysis is required in order to evaluate the hydrocarbon discovery and plan the next stage of exploration activities.

In the Shallow Water Absheron Peninsula (SWAP) structure, the third exploration well was spudded in the Qarabatdag area on 4 April 2022. Drilling activities are currently ongoing at the depth of around 770 metres. The second exploration well in the Bibi-Heybat area was drilled to its total depth of 4,230 meters and in mid-March it was safely plugged and permanently abandoned. The well did not encounter economic hydrocarbons.

People

At the end of the first quarter of 2022, the number of bp's 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 2022, bp and the co-venturers in bp-operated joint ventures spent about 76,000 USD in Georgia on social investment projects.

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

Community development Program (CDI)

bp (on behalf of the co-venturers in the joint ventures that bp operates in Georgia) continued implementation of Community Development Initiative phase 7 (CDI 7) in 98 communities along BTC/SCP pipeline, with budget 1,670,000 USD; Program started in January 2022 and will be ended in January 2026.

The program is focused on building sustainable livelihoods and resilience for the communities along BTC/SCP pipelines routes by promoting social, economic and environmental development in order to maintain harmonious relationship between bp and communities. Program proposes to support target communities to rehabilitate 30 rural infrastructures, implement 20 innovative environmental projects, support development of 147 businesses, create at least 800 jobs. During the first quarter of 2022, the program launched informational campaign in all target communities and announced competition to support social infrastructure and business development initiatives.

Small business development program (SBDP)

bp (on behalf of the co-venturers in the joint ventures that bp operates in Georgia) continued implementation of Small Business Development Project phase 4 (SBDP4) in 121 communities along WREP pipeline with budget 650,000 USD; Program started in January 2022 and will be ended in January 2026.

The program will be focused on social and economic development of the pipeline communities through establishing strong private sector for small start-up and medium size businesses, scaling up the existed enterprises as well as strengthening entrepreneurs' skills via education in business administration. Program is aimed to support 141 businesses via establishing 123 new businesses and support 18 existed businesses to scale up the activities. 150 self-employed jobs will be created. During the first quarter of 2022, the program launched informational campaign in all target communities and announced competition to support business development initiatives.

English for media

bp continued implementation of the project “English for media”.

The project goal is to help Georgian journalists to improve their English and journalism skills. The project is aimed to provide learning opportunities to 60 journalists working in media (TV, radio, print, online). Course started in January 2022; its duration is 9 months. During the first quarter of 2022, the project selected 60 journalists, 25 students joined the B1/ Intermediate level; 30 students joined B2/ Upper Intermediate level and finally, 5 joined C1/ Advanced level.

Partnership with the Paralympic committee

bp in Georgia is an official partner of the Georgian Paralympic Committee since 2012. Our successful cooperation in support of the Paralympic sports will continue till 2024.