

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 2022 full year results

9 February 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 2022, we spent about \$470 million in operating expenditure and \$1,624 million in capital expenditure on ACG activities.

During the year, the Azeri Central East (ACE) platform topsides and drilling facilities fabrication activities continued at the fabrication yard in Bibi-Heybat. The integration of the drilling facilities into the topsides progressed with both the modular drilling support module (MDSM) and the drilling equipment set (DES) fully handed over to commissioning and the drilling rig skidding commissioning commenced.

This followed the safe execution of the 2,350 tonnes MDSM and the 2,400 tonnes DES jack up to the final height of around 27 metres and then their successful skid onto the topsides deck. This was a carefully planned complex “Jack and Skid” operation and a first for bp globally.

Please visit [this link](#) to see the time lapse video of this operation.

The topsides mechanical completion was achieved on schedule. The topsides commissioning reached the 85 per cent progress milestone.

The living quarters are ready for onshore habitation following the successful completion of the handovers.

At the Heydar Aliyev Baku Deepwater Jacket factory (BDJF), the jacket has now been loaded out onto the STB-01 transportation barge and is ready for sailing away offshore.

The derrick barge Azerbaijan arrived at BDJF where reactivation activities for the jacket installation commenced.

The diving support vessel completed diving operations on the oil system at the ACE and Central Azeri platform locations in preparation for the subsea isolation tool launch in the first quarter of 2023.

At the Sangachal terminal, onshore site construction and standalone commissioning activities for the ACE operations control from the shore completed, and integration works with the ACE topsides commenced.

By the end of 2022, the ACE project had reached over 80 per cent progress milestone.

Production

During the year, ACG continued to safely and reliably deliver stable production. Total ACG production for the full year was on average about 415,400 barrels per day (b/d) (about 152 million barrels or 20 million tonnes in total) from the Chirag (25,200 b/d), Central Azeri (104,100 b/d), West Azeri (106,400 b/d), East Azeri (64,000 b/d), Deepwater Gunashli (76,300 b/d) and West Chirag (39,400 b/d) platforms.

As part of the ACG annual work programme, a planned maintenance programme (turnaround - TAR) was successfully implemented on the East Azeri platform in the second quarter of 2022. In accordance with the plan, production from the platform was suspended for about 15 days to enable maintenance, inspection and project works to be undertaken efficiently. The programme, which was required to maintain the long-term ability of the platform to produce in a safe, reliable and environmentally sound way, was completed safely and on schedule.

At the end of the year, 141 oil wells were producing, while 41 were used for water and eight for gas injection.

Drilling and completion

In 2022, ACG completed 12 oil producer and three water injector wells.

Associated gas

During the year, ACG delivered an average of around 7 million cubic metres per day of ACG associated gas to the state of Azerbaijan (2.6 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 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.

In 2022, the Sangachal terminal exported more than 232 million barrels of oil and condensate. This included about 225 million barrels through Baku-Tbilisi-Ceyhan (BTC) and around 7 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 68 million standard cubic metres (about 2,416 million standard cubic feet) of Shah Deniz gas was sent from the terminal daily during the year of 2022.

Baku-Tbilisi-Ceyhan (BTC)

BTC Co. shareholders are: bp (30.10%), SOCAR (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 ONGCVidesh (2.36%).

In 2022, BTC spent about \$100 million in operating expenditure and \$27 million in capital expenditure.

On 23 March 2022, the BTC pipeline reached a significant milestone by loading the 5,000th tanker of oil transported from the Sangachal terminal near Baku across Azerbaijan, Georgia and Türkiye to Ceyhan.

Since the 1,768 km BTC pipeline became operational in June 2006 till the end of 2022, it carried a total of 3.99 billion barrels (more than 531 million tonnes) of crude oil loaded on 5,244 tankers and sent to world markets. On 18 January 2023, BTC achieved the 4 billion barrels of oil export milestone.

In 2022, around 224 million barrels (about 30 million tonnes) of BTC-exported crude oil was lifted at Ceyhan loaded on 305 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%), LUKOIL (19.99%), TPAO (19.00%), SOCAR (14.35%), NICO (10.00%) and SGC (6.67%).

In 2022, Shah Deniz spent around \$2,281 million in operating expenditure and around \$463 million in capital expenditure, the majority of which was associated with the Shah Deniz 2 project.

Production

During the year, the Shah Deniz field continued to provide deliveries of 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 2022, the field produced about 25 billion standard cubic metres (bscm) of gas and more than 4 million tonnes (about 36 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 more than 27 bcma.

As part of the Shah Deniz annual work programme, a planned maintenance programme (turnaround - TAR) was successfully implemented on the Shah Deniz Alpha platform and Shah Deniz 1 facilities inside the Sangachal terminal in August 2022.

In accordance with the plan, production from the Shah Deniz Alpha platform was suspended for about 14 days to enable efficient maintenance, inspection and project work to be undertaken. The programme, which was required to maintain the long-term ability of the platform to produce in a safe, reliable and environmentally sound way, was completed safely and on schedule.

The Shah Deniz 2 project

In 2022, production from the West South flank started up as part of the Shah Deniz 2 project.

On the East North flank, installation activities continued both subsea and on the topsides onboard the Shah Deniz Bravo platform. The project successfully completed all offshore pipe-lay works including the East North pipelines.

Activities for the laying, termination and topside connections of the East North flank direct electrical heating cables and production control umbilicals progressed.

Overall, the East North flank subsea installation activities progressed on schedule for the production start-up planned for 2023.

Drilling

In 2022, the Shah Deniz Alpha rig conducted a set of well-work activities, underwent a planned maintenance programme (turnaround - TAR) and then went back on warm stack.

The Istiglal and Maersk Explorer rigs have already drilled 21 wells in total for the Shah Deniz 2 project. 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%), LUKOIL (19.99%), TPAO (19.00%), SOCAR (14.35%), NICO (10.00%) and SGC (6.67%).

In 2022, the SCP spent around \$72 million in operating expenditure and more than \$5 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 year, the daily average export throughput of the SCP was 57.4 million cubic metres of gas per day.

Exploration

On the Shafag-Asiman offshore block, the drilling of the SAX01 exploration well was completed in March 2021 with a total depth of 7,189 meters at the base of the Fasila unit. The well encountered gas condensate resource in some of the penetrated reservoirs. The reprocessing of all obtained data has been fully completed, and the interpretation of the results is currently ongoing. This interpretation work is required to evaluate the hydrocarbon resource and plan the next stage of exploration activities.

In the Shallow Water Absheron Peninsula (SWAP) contract area, three wells were drilled as part of the SWAP exploration drilling programme. The wells did not encounter economic hydrocarbons and were subsequently plugged and safely abandoned. With this, all planned activities within the Main Exploration Period of the SWAP production sharing agreement (PSA) were completed and the contract area was relinquished in December 2022.

In 2022, we also started planning and preparation works for the drilling of 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.
- A new 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.

People

At the end of 2022, the number of bp's Georgia national employees was 232.

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.

bp (on behalf of its co-venturers in the joint ventures that it operates) will continue their 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 2022, bp continued supporting various social and sponsorship projects in Georgia. During the year, these projects included 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.bpgorgia.ge