

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

Full year 2023 results

12 February 2024

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 2023, bp and its co-venturers spent about \$504 million in operating expenditure and \$1,518 million in capital expenditure on ACG activities.

In 2023, 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.

On 4 April, the President of Azerbaijan Ilham Aliyev visited the ACE platform topsides unit fabrication yard in Bibi-Heybat and toured the almost completed topsides before it had sailed away to its permanent location.

Most of the key topsides commissioning and testing activities planned to be performed onshore were successfully completed during the first half of the year. For instance, for the first time the blowdown safety testing was performed onshore using nitrogen. This eliminated the need for testing the system on hydrocarbons during the offshore start-up.

Following these completions and testing activities, on 7 August, the topside unit sailed away from the Bayil fabrication yard, where it was built, to the ACG field. The transportation, float-over and installation activities had been carefully planned and were completed in around two days.

Offshore, the project then progressed with hook-up activities and achieved the offshore habitation enabling the ramp up of personnel on board the platform. This allowed the delivery of several key milestones during the fourth quarter culminating in the ACE platform being declared hydrocarbon live in December.

In parallel, the project continued with the activities towards rig readiness, completing the integrated acceptance testing without any major findings and successfully driving four conductors to full depth followed by the handover of final drilling systems.

On 4 December, the first production well was spudded from the ACE platform.

By the end of the year, the ACE project had reached 97 per cent progress milestone. All other start-up activities and preparations required for the delivery of ACE first oil in early 2024 are progressing on schedule.

Production

During the year, ACG continued to safely and reliably deliver stable production. Total ACG production for the full year was on average about 363,000 barrels per day (b/d) (about 133 million barrels or 18 million tonnes in total) from the Chirag (23,000 b/d), Central Azeri (96,000 b/d), West Azeri (86,000 b/d), East Azeri (58,000 b/d), Deepwater Gunashli (67,000 b/d) and West Chirag (33,000 b/d) platforms.

On 12 December, ACG celebrated 1 billion barrels total production achievement from the West Azeri platform.

At the end of the year, 137 oil wells were producing, while 45 were used for water and eight for gas injection.

Drilling and completion

In 2023, ACG completed eight oil producer, six water injector and one gas injector wells.

Associated gas

During the year, ACG delivered an average of around 5.5 million cubic metres per day of ACG associated gas to the state of Azerbaijan (2 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 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 year, the Sangachal terminal exported about 230 million barrels of oil and condensate. This included about 229 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), including the SCP expansion system and via Azerbaijan's pipelines connecting the terminal's gas processing facilities with Azerigas's national grid system.

On average, 71 million standard cubic metres (about 2,515 million standard cubic feet) of Shah Deniz gas was sent from the terminal daily during the year of 2023.

Baku-Tbilisi-Ceyhan (BTC)

The Baku-Tbilisi-Ceyhan Pipeline Company (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 2023, BTC Co. spent about \$120 million in operating expenditure and \$46 million in capital expenditure.

Since the 1,768 km BTC pipeline became operational in June 2006 till the end of 2023, it carried a total of about 4.2 billion barrels (about 561 million tonnes) of crude oil loaded on 5,557 tankers and sent to world markets. The 4 billion barrels of oil export milestone was achieved on 18 January 2023.

In 2023, 227 million barrels (about 30 million tonnes) of BTC-exported crude oil was lifted at Ceyhan and loaded on 313 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, Turkmenistan, SOCAR non-ACG volumes) 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 2023, bp and its co-venturers spent around \$2,194 million in operating expenditure and around \$892 million in capital expenditure on Shah Deniz activities, the majority of which was associated with the Shah Deniz 2 project.

Production

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

In 2023, the field produced about 26 billion standard cubic metres of gas and more than 4 million tonnes (about 35 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 77 million standard cubic metres of gas per day or approximately 28 billion standard cubic metres per year.

The Shah Deniz 2 project

In 2023, the Shah Deniz 2 project progressed towards the production start-up from the East North flank in early 2024.

The project successfully completed the East North flank loop commissioning and system handover activities and is currently progressing with the East North (EN03) well completion operations, subsea execution and commissioning scopes.

In the fourth quarter of 2023, the project also started up two new wells on the West South flank.

Drilling

During the year of 2023, the Shah Deniz Alpha platform rig was on warm stack.

The Istiglal rig delivered the SDF03z well recompletion and SDF05 completion activities.

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.

South Caucasus Pipeline (SCP)

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

In 2023, the SCPC spent around \$77.7 million in operating expenditure and about \$13.8 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 60.1 million cubic metres of gas per day.

Exploration

In 2023, we drilled an appraisal well (A22z) on the Azeri-Chirag-Gunashli structure, which was for acquiring data about the deep-lying gas reservoirs beneath the currently producing oil field. The well was spudded on 7 February 2023 and completed in April. The data obtained from the well are currently being studied to understand the potential of the deep gas layers of ACG.

In 2023, we also drilled an exploration well (SDX-8) in the Shah Deniz contract area aiming to appraise the deeper reservoirs beneath the existing Shah Deniz producing layers. The well was spudded on 20 January and reached the total depth of about 7,000 metres in December and then it was safely suspended. The obtained data from the target reservoirs are currently being analysed.

In 2023, we also completed 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. Evaluation of the hydrocarbon resource encountered in the well and planning of future activities are ongoing.

People

In 2023, the number of bp employees in Georgia was 237.

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 including in Georgia 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.

During 2023, bp and its co-venturers in the bp-operated joint ventures spent more than \$ 700,000 in Georgia on social investment projects. These projects included two community development initiatives along BTC/SCP/WREP pipeline communities.

In addition, bp alone supported various social projects in Georgia. These projects included program in technical support to Union of Tbilisi Museums, environmental/biodiversity initiatives and promoting education via providing English language courses.

For more information about bp and its co-venturers' social investment projects please visit bp Georgia website at www.bpgeorgia.ge