

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

Third quarter 2022 results

3 November 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%), 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 three quarters of 2022, we spent about \$337 million in operating expenditure and \$1,204 million in capital expenditure on ACG activities.

During the third quarter, 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 the successful skid onto the

topsides deck. This was a carefully planned complex “Jack and Skid” operation and a first for bp globally.

The topsides mechanical completion handovers progressed significantly supporting the ramp-up of the commissioning activity. The topsides commissioning reached the 50 per cent progress milestone.

The living quarters helideck third party testing certification was completed, and only two mechanical completion handovers across the living quarter modules are yet to be finalized.

At the Heydar Aliyev Baku Deepwater Jacket factory (BDJF), the jacket is almost ready for loadout planned for early 2023.

The STB-01 transportation barge underwent required modifications and renewed her class certification. The barge then arrived at BDJF where reactivation and sponsors installation activities commenced.

The gas export infield pipeline between the Central Azeri and East Azeri platforms successfully restarted following the ACE tie-in campaign.

The subsea construction vessel Khankendi installed the oil plug retrieval and isolation structure (PRIS/Wye structure), and the diving support vessel subsequently completed all metrology for the oil system spools.

The pipelay barge Israfil Huseynov completed the 16” subsea water injection pipelay.

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

The project also commenced offshore execution for the ACE oil pipeline tie-in scope on the Central Azeri platform.

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

All engineering, procurement and onshore fabrication works remain on track to be complete in 2023.

Production

During the third quarter, ACG continued to safely and reliably deliver stable production. Total ACG production for the first three quarters was on average about 418,000 barrels

per day (b/d) (about 114 million barrels or 15 million tonnes in total) from the Chirag (25,000 b/d), Central Azeri (105,000 b/d), West Azeri (108,000 b/d), East Azeri (63,000 b/d), Deepwater Gunashli (77,000 b/d) and West Chirag (40,000 b/d) platforms.

At the end of the quarter, 137 oil wells were producing, while 33 were used for water and eight for gas injection.

Drilling and completion

During the first three quarters of 2022, ACG completed 11 oil producer and two water injector wells.

Associated gas

During the three quarters, ACG delivered an average of around 8 million cubic metres per day of ACG associated gas to the state of Azerbaijan (2.2 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 the third 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 first three quarters, the Sangachal terminal exported more than 171 million barrels of oil and condensate. This included about 164 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 67 million standard cubic metres (about 2,362 million standard cubic feet) of Shah Deniz gas was sent from the terminal daily in the three quarters of 2022.

Baku-Tbilisi-Ceyhan (BTC)

BTC Co. shareholders are: bp (30.1%), 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 the first three quarters of 2022, BTC spent more than \$74 million in operating expenditure and about \$17 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 third quarter of 2022, it carried a total of 3.93 billion barrels (more than 524 million tonnes) of crude oil loaded on 5,163 tankers and sent to world markets.

In the first three quarters, around 164 million barrels (about 22 million tonnes) of BTC-exported crude oil was lifted at Ceyhan loaded on 224 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 (19.00%), SOCAR (14.35%), NICO (10.00%) and SGC (6.67%).

In the first three quarters of 2022, Shah Deniz spent around \$1,772 million in operating expenditure and around \$314 million in capital expenditure, the majority of which was associated with the Shah Deniz 2 project.

Production

During the third 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 nine months of the year, the field produced about 18 billion standard cubic metres (bscm) of gas and more than 3 million tonnes (about 27 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 73 million standard cubic metres of gas per day or more than 26.5 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 the third quarter.

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 designed 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 the third quarter of 2022, the Shah Deniz 2 project commenced production from the West South flank.

On the East North flank, subsea installation activities commenced with the first subsea umbilical installation successfully completed in the third quarter.

Drilling

In the third quarter of 2022, the Shah Deniz Alpha platform had 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 the first three quarters of 2022, the SCP spent around \$49 million in operating expenditure and around \$4 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 three quarters, the daily average export throughput of the SCP was 56.1 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 post-well analysis of the data received during the drilling is currently ongoing and includes reprocessing of the original seismic data, to be followed by interpretation of the results. This work is required to evaluate the hydrocarbon resource and plan the next stage of exploration activities.

In the Shallow Water Absheron Peninsula (SWAP) area, the third exploration well - QBDX01 - was safely plugged and permanently abandoned in May 2022. The well, which was drilled in the South-East Prospective Area of the SWAP contract area, did not encounter economic hydrocarbons. The previous two wells drilled in the North-East (plugged and abandoned in December 2021) and West (plugged and abandoned in March 2022) Prospective Areas within the SWAP contract area had similar results. The QBDX01 exploration well represented the final phase of the planned activity within the SWAP exploration drilling programme, which is now completed.

People

At the end of the third quarter of 2022, the number of bp's employees in Georgia was 233.

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 half of 2022, bp and the co-venturers in bp-operated joint ventures spent about 507,000 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 3Q of 2022, program funded 12 rural infrastructure project refurbishments. Four environmental projects received funding. Program supported development of 32 businesses, created 25 jobs.

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.

To date, 36 new businesses and 5 existed ones were funded. 40 self-employed jobs created.

A new life for Lagodekhi trails

bp (on behalf of the co-venturers in the joint ventures that bp operates in Georgia) started implementation of the project 'New life for Lagodekhi Trails' to support sustainable use of natural resources, ecosystem preservation and ecological awareness/education. Project budget is 25,000 USD. The project started in May 2022 and will be ended in December 2022.

The project is focused on supporting development of Lagodekhi Protected Areas through establishing new infrastructure and services as well as improving ecological education focusing on youth and children. 2 km area of natural trail will be extended, information spots on local flora and fauna as well as on environmental protection will be arranged, educational tours for youth and children will be organized, social media will be engaged to widely promote the ecosystem preservation activities.

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. 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.