

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 2023 results

2 November 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 three quarters of 2023, bp and its co-venturers spent about \$365 million in operating expenditure and \$1,109 million in capital expenditure on ACG activities.

During the first three quarters, 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, completed the initial rig skid and achieved the operationalization of the heating, ventilation and air conditioning system, as well as the firewater pump, freshwater and sewage treatment packages.

On 13 September, the project achieved the offshore habitation enabling to transfer all personnel onboard the ACE platform. Following this the Derrick Barge Azerbaijan (DBA), which was used as flotel during installation, commissioning and testing works, was released.

Subsea, the load-out frame was successfully removed from the STB-1 barge and jacket mode reinstatement commenced. The project delivered gas spools 1, 3, 5 and oil spool 1, and completed the disconnection of the 16" water injection pig receiver at East Azeri.

By the end of the third quarter, the ACE project had reached 94 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 third quarter of 2023, ACG continued to safely and reliably deliver stable production. Total ACG production for the first three quarters was on average about 368,000 barrels per day (b/d) (about 100 million barrels or 14 million tonnes in total) from the Chirag (23,000 b/d), Central Azeri (96,000 b/d), West Azeri (89,000 b/d), East Azeri (59,000 b/d), Deepwater Gunashli (67,000 b/d) and West Chirag (34,000 b/d) platforms.

At the end of the third quarter, 136 oil wells were producing, while 45 were used for water and eight for gas injection.

Drilling and completion

In the first three quarters of 2023, ACG completed six oil producer, five water injector and one gas injector wells.

Associated gas

During the three quarters, ACG delivered an average of around 5.5 million cubic metres per day of ACG associated gas to the state of Azerbaijan (1.5 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 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 first three quarters, the Sangachal terminal exported about 172 million barrels of oil and condensate. This included about 171 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 2,522 million standard cubic feet) of Shah Deniz gas was sent from the terminal daily in the three quarters 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 the first three quarters of 2023, BTC Co. spent about \$86 million in operating expenditure and \$25 million in capital expenditure.

Since the 1,768 km BTC pipeline became operational in June 2006 till the end of September 2023, it carried a total of about 4.2 billion barrels (about 554 million tonnes) of crude oil loaded on 5,482 tankers and sent to world markets. The 4 billion barrels of oil export milestone was achieved on 18 January 2023.

In the first three quarters of the year, 171 million barrels (about 23 million tonnes) of BTC-exported crude oil was lifted at Ceyhan and loaded on 238 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 three quarters of 2023, bp and its co-venturers spent around \$1,738 million in operating expenditure and around \$653 million in capital expenditure on Shah Deniz activities, the majority of which was associated with the Shah Deniz 2 project.

Production

During the third quarter, 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 the first nine months of the year, the field produced about 20 billion standard cubic metres 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 72.1 million standard cubic metres of gas per day or approximately 26.3 billion standard cubic metres per year.

The Shah Deniz 2 project

In the third 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 for this start-up project continued both subsea and on the topsides modules onboard the Shah Deniz Bravo platform. The project successfully completed the East North flank commissioning vessel support activities and is currently progressing with the platform commissioning scope towards the system handover.

Drilling

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

The Istiglal rig delivered the SDF03z well recompletion activity and commenced completion operations on the SDF05 well.

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 the first three quarters of 2023, the SCPC spent around \$49 million in operating expenditure and about \$4.5 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 three quarters, the daily average export throughput of the SCP was 60.5 million cubic metres of gas per day.

Exploration

In the first three quarters of 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 is currently being studied to understand the potential of the deep gas layers of ACG.

In 2023, we also started drilling activities on an exploration well (SDX-8) in the Shah Deniz contract area. The well was spudded on 20 January and the drilling activities are progressing safely and steadily.

In the first half of the year, 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 future activities are ongoing.

People

At the end of the second quarter of 2023, the number of bp's Georgian national employees was 236.

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 3Q of 2023, bp and its co-venturers in the bp-operated joint ventures spent more than \$ 100,000 in Georgia on social investment projects. These projects included two community development initiatives along BTC/SCP/WREP pipeline communities. In total,

in 2023, bp and its co-venturers in the bp-operated joint ventures spent more than \$670,000 in Georgia on social investment projects.

In addition, during 3Q bp alone spent around \$40,000 on various social projects in Georgia. These projects included one program in technical support to Union of Tbilisi Museums, one environmental initiative/biodiversity support and two projects aimed at promoting education via providing English language courses. In total, in 2023 bp has spent \$100,000 in various social investment projects in Georgia.

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