

bp deepens and progresses in Azerbaijan with go-ahead for new major project and exploration access

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- Approves next major phase of development of giant Shah Deniz gas field.
- Sangachal terminal electrification, together with solar project, expected to enable operational emissions reduction.
- Accesses two new exploration and development blocks, takes steps to advance a third.
- New agreements build on major existing business and 30+ year partnership with Azerbaijan.

bp, together with its partners, has entered into a series of agreements that will build and expand on its major oil and gas interests in Azerbaijan, paving the way for growth and additional production while deepening its partnership with the country and state oil company, SOCAR.

The agreements, signed during Baku Energy Week, include the final investment decisions for the next major phase of development of the giant Shah Deniz gas field – Shah Deniz Compression – as well as for two projects – for terminal electrification and solar power – that together are expected to enable operational emissions reduction. They also include agreements for bp to access to two new exploration and development licences and introduce a new partner to accelerate exploration on a third.

These agreements represent progress against bp's strategy to grow long-term shareholder value, contributing to its goal of growing its upstream business, as well as underlining bp's continuing commitment to Azerbaijan.

bp has been active in Azerbaijan for 33 years. It led the development of the Azeri-Chirag-Deepwater Gunashli (ACG) oil field, the Shah Deniz gas field, and the major Sangachal processing and export terminal, all three of which it also operates. bp was also a lead in the development of the associated export pipelines, the Baku-Tblisi-Ceyhan (BTC) oil pipeline and the Southern Gas Corridor (SGC) gas pipeline network.

Gordon Birrell, EVP production & operations, said: "We are deeply proud of the long and successful partnership that bp has built with Azerbaijan over more than 30 years. As can be seen by the agreements we signed this week, we continue to see many opportunities for further development and growth. As we deliver our strategy of growing our upstream, we will build on our strong positions in regions like Azerbaijan, and on the deep relationships we have with the government and our partners.

"The next phase of development for Shah Deniz – a truly world-class gas field – will access additional resources, extend production and support continued delivery of important gas supplies to European

customers. Innovative linked electrification and solar projects will support lower operational emissions in Azerbaijan while freeing up fuel gas for export. And we look forward to working with SOCAR and TPAO to progress exploration for further opportunities.”

These projects are fully accommodated within bp’s financial frame. Shah Deniz Compression is one of the 8-10 major projects expected to start up between 2028 and 2030, as disclosed at bp’s 2025 capital markets update. It is expected to contribute to growing bp’s global upstream production to 2.3-2.5mmboed by 2030, with capacity to increase further to 2035.

More detail on agreements signed

Shah Deniz Compression project

bp and partners have approved the next phase of development of the Shah Deniz gas field, which is operated by bp with a 29.999% participating interest.

The \$2.9bn Shah Deniz Compression project – the field’s third phase of development – is designed to access and produce low pressure gas resources from the giant gas field, increasing resource recovery and extending production life.

The project, which will include installation of a new unmanned compression platform, is expected to allow production of an additional gross 50 billion cubic metres of gas and 25 million barrels of condensate. The project is expected to receive first gas in 2029.

Shafag solar and Sangachal electrification projects

bp and partners have also given the go-ahead for development of the linked Shafag solar and Sangachal terminal electrification projects.

Renewable electricity generated by the new 240MW Shafag solar project in Azerbaijan’s Jabrayil district will be supplied to grid operator AzerEnerji, that will in turn provide equivalent power to the Sangachal oil and gas terminal (operated by bp) near Baku.

This will support reduction of operational emissions in Azerbaijan, enabled by the electrification of the terminal, which will also free for export the gas currently used to fuel the turbines generating power for the terminal.

Exploration access and progress

In addition to the project approvals, bp today completed an agreement with SOCAR to access two blocks in the Caspian Sea for exploration and development, for the discovered Karabagh oil field and the Ashrafi-Dan Ulduzu-Aypara (ADUA) area. bp will have 35% working interest and become operator of each block, with SOCAR retaining 65%.

Separately, bp and SOCAR also reached agreement for Türkiye's TPAO to take a 30% interest in the production sharing agreement for the Shafag-Asiman block in the Caspian Sea. This is expected to accelerate evaluation of development opportunities for the block, on which a first well drilled in 2021 encountered gas condensate resources.

These agreements are part of bp's strategy of accessing discovered resources and reloading its exploration hopper in support of its aim to increase its reserves replacement ratio to around 100% by end 2027.

Notes to editors

Shah Deniz Compression

- Participating interests are: bp (operator – 29.99%), LUKOIL (19.99%), TPAO (19.00%), SGC (16.02%), NICO (10.00%) and MVM (5.00%).
- Construction activities are planned to begin later this year, with completion expected in 2029, enabling first gas for compression from the Shah Deniz A platform in 2029 and from the Shah Deniz B platform in 2030.
- See separate press release.

Sangachal Electrification

- Development of the Sangachal terminal electrification (STEL) project was approved by investors in the terminal (bp, SOCAR, TPAO, LUKOIL, SGC, NICO, MOL, INPEX, ExxonMobil, ITOCHU, ONGC Videsh, Eni, MVM, TotalEnergies).
- The project will be developed and managed by bp as operator of the terminal. Construction is planned to begin this year with completion expected in two stages – Stage 1 in mid-2027, and Stage 2 by the end of 2028.
- See separate press release.

Shafag Solar

- The Shafag solar project will have ownership interests: bp 50.01%, SOCAR Green 39.99%, and ABDF 10%.
- Construction is expected to begin this year and complete in mid-2027.
- Karabagh and Ashrafi-Dan Ulduzu-Aypara farm-in, and Shafag-Asiman farm-out
- See separate press releases [here](#) and [here](#).

Further information

Contact

- bp press office, London: + 44 (0)7831 095541, bppress@bp.com

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Our most recent Annual Report and Form 20-F and other period filings are available on our website at www.bp.com, or can be obtained from the SEC by calling 1-800-SEC-0330 or on its website at www.sec.gov.