Southern Gas Corridor: Delivery of Caspian Sea Gas to Europe through Georgia

BP AND ITS PARTNERS ANNOUNCED THE STARTUP OF SHAH DENIZ 2 ON JUNE 30, 2018, INCLUDING ITS FIRST COMMERCIAL GAS DELIVERY TO TURKEY UTILIZING NEW PIPELINE, COMPRESSOR STATIONS, AND METERING FACILITIES IN GEORGIA.
Bob Dudley, BP group chief executive, has called Shah Deniz 2 “one of the biggest and most complex new energy projects anywhere in the world.” The project includes major offshore, onshore and pipeline developments.

**OVER TWO DECADES IN THE REGION**

“The Southern Gas Corridor (comprised of the Shah Deniz 2 in Azerbaijan, the South Caucasus Pipeline Expansion in Azerbaijan and Georgia, the Trans Anatolian Pipeline in Turkey and the Trans Adriatic Pipeline in Greece, Albania and Italy) is one of the largest energy projects anywhere in the world. It will link Caspian resources directly with European gas markets for the first time, diversifying energy markets and creating a new secure source of supply for the region,” Chris Schlueter, Country Manager for BP in Georgia, said.

BP signed its first contract with the Azeri government in 1994. Among the major energy projects developed since then is the Shah Deniz gas field development, launched in 2006, with 9 billion cubic meters of gas per year.

The Shah Deniz 2 development represents the largest foreign direct investment made in the region, and which will be exporting an additional 16 billion cubic meters of gas per year. The Shah Deniz reservoir in the Caspian Sea is the starting point for the Southern Gas Corridor series of wells, offshore facilities, pipelines and other facilities that ultimately will deliver natural gas from the Caspian Sea directly to European markets. Schlueter noted that the new Southern Gas Corridor (SGC) breaks new ground, with gas flowing from the Shah Deniz offshore development through one of the world’s biggest terminals at Sangachal, located southwest of Baku, and through a pipeline network — SCPX, TANAP and TAP, which, when
fully completed, will be twice the length of the BTC project, at 3,500 km. “The Shan Deniz 2 development is one of the most complex challenges ever undertaken by the global oil and gas industry,” Schlueter added.

**GEORGIA’S ROLE IN REGIONAL ENERGY SECURITY**

BP’s Chris Schlueter noted that Georgia plays a significant role in the energy security and supply diversity for the region. “Georgia moves one percent of the world’s oil and gas volumes with almost 100% efficiency and reliability,” he said. One percent may not sound like much, but considering this is one percent of the entire demand of the planet, it is huge, establishing Georgia firmly as a critical energy corridor country.”

“Our major energy projects, the Baku-Supsa and Baku-Tbilisi-Ceyhan oil pipelines, as well as the South Caucasus gas pipeline and the current expansion activities (the SCPX project) have significantly changed the energy map of Georgia and the Caspian region. The new Southern Gas Corridor will change the energy map of Europe,” he said. BP has invested more than $4 billion in energy infrastructure and sustainable development projects in Georgia, one of the largest of which is the South Caucasus Pipeline Expansion project. “We invested over 2 billion dollars in recent years to build two new compressor stations, a new pipeline, and metering stations in Georgia. 4,500 Georgian citizens were employed at the peak of SCPX construction,” he said. The first commercial gas was delivered via this project on 30 June, 2018, exactly as planned from the onset of the project. This gas leaves Georgia via the SCPX metering station at the Georgia-Turkey border near Akhaltsikhe and continues onwards into Turkey, supplying Turkey’s new TANAP pipeline.

**FUTURE DEVELOPMENTS**

“We believe there are great opportunities for the region’s future in terms of new developments” Schlueter said.

BP recently extended the Azeri-Chirag-Gunashli (ACG) contract until mid-century. The ACG is the largest oilfield in the Azerbaijani sector of the Caspian basin. “In addition to the ACG extension and SD2 [Shah Deniz 2], BP is currently involved in and is the operator of two exploration projects referred to as the Shallow Water Abershon Peninsula and Shafag-Asiman. BP was also successful along with its partner Socar in signing a production sharing agreement for an additional prospective area in the Caspian Sea referred to as Block 230. There’s also the possibility for future gas developments both in the ACG and deeper in the Shah Deniz reservoirs,” he said. The Baku-Tbilisi-Ceyhan (BTC), Western Route Export Pipeline (WREP), South Caucasus Pipeline (SCP) and the South Caucasus Pipeline Expansion (SCPX) pipelines that pass through Georgia will remain key to future oil and gas development in the region, underpinning the efficiency and viability of any new development in Azerbaijan as well as across the Caspian, providing the export of production to international markets.

“Excellent regional cooperation and relationship models built in the region and solid trusting relationships built upon over twenty years of operations in Georgia will remain key to the success of all future opportunities.

BP will continue to work closely with the governments, investors, partner companies, communities and other stakeholders to build on the experience and achievements of our world-class projects. One of my favorite phrases is ‘success builds success,’ and our business in Georgia has exemplified this,” said Schlueter.