

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

First half 2024 results

1 August 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%), 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 half of 2024, bp and its co-venturers spent about \$243 million in operating expenditure and more than \$698 million in capital expenditure on ACG activities.

In 2024, a new 4-dimensional (4D) high-definition ocean bottom node seismic programme was commenced on ACG. The programme, which focuses on the Balakhany and Fasila reservoirs, covers an area of 740 square kilometres under source and 507 square kilometres under receivers, with a total cost of around \$370 million and a duration of five years (2024-2028). This is the largest-ever seismic acquisition commitment made by bp globally by all its aspects – area size, cost and programme duration. The seismic acquisition scope planned for this year has already been completed safely and ahead of schedule; seismic processing of the acquired data is currently ongoing.

In the first six months, the Azeri Central East (ACE) project made a tremendous progress by achieving its main objective – delivery of first oil.

In mid-April oil production started-up from the new ACE platform which is the seventh offshore platform installed on the giant ACG field in the Caspian Sea.

Initial production from ACE came from the first well that was initiated from the platform at the end of last year. Currently production from ACE is around 8,000 barrels per day from one well. It is expected that ACE production will increase through 2024 to around 24,000bpd as two more planned wells are drilled, completed and brought online.

The ACE platform is technologically and digitally the most advanced bp-operated platform in the world. Its innovative engineering allows automation of labour-intensive processes, enabling safer and more efficient operations. The platform has a state-of-the-art fully automated drilling rig. The use of modern technology and new processes also helps lower operational emissions.

The safe start-up of ACE delivers on the first major investment decision made by the ACG partnership since the signing of the extended ACG production sharing agreement in 2017.

During the first half of 2024, ACG continued to safely and reliably deliver stable production. Total ACG production for the first half of 2024 was on average about 336,000 barrels per day (b/d) (about 61 million barrels or 8 million tonnes in total) from the Chirag (22,000 b/d), Central Azeri (96,000 b/d), West Azeri (77,000 b/d), East Azeri (52,000 b/d), Deepwater Gunashli (57,000 b/d), West Chirag (29,000 b/d) and ACE (3,000 b/d) platforms.

At the end of June 2024, 144 oil wells were producing, while 45 were used for water and eight for gas injection.

As part of the ACG annual work programme, a planned maintenance programme (turnaround - TAR) was successfully implemented on the Deepwater Gunashli platform in the second quarter.

During the TAR, production from the Deepwater Gunashli platform was suspended for about 13 days to enable maintenance, inspection and project work to be undertaken efficiently. 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 ahead of schedule.

Drilling and completion

In the first half of 2024, ACG completed nine oil producer and one water injector wells.

Associated gas

During the first six months of the year, ACG delivered an average of around 6.4 million cubic metres per day of ACG associated gas to the state of Azerbaijan (1.2 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.

Non-associated gas

In the first half of 2024, we continued planning works for the future development of the non-associated gas (NAG) resources in the Azeri-Chirag-Gunashli structure based on the data obtained from the appraisal well (A22z). The well was spudded on 7 February 2023 and completed in April of the same year. The well was drilled to deep reservoirs in the south flank location of the ACG structure. It was drilled from the Chirag platform as a sidetrack of an injector well. The well was successful, and we are optimistic about the future gas in ACG. With all commercial discussions now finalized, we plan to start drilling an initial production well later this year.

Sangachal terminal

In the first half of 2024, 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 half of the year, the Sangachal terminal exported about 110 million barrels of oil and condensate all of which was sent through the Baku-Tbilisi-Ceyhan (BTC) pipeline.

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, about 76 million standard cubic metres (about 2,683 million standard cubic feet) of Shah Deniz gas was sent from the terminal daily during the first half of 2024.

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 half of 2024, BTC Co. spent \$70.5 million in operating expenditure and \$17.7 million in capital expenditure.

Since the 1,768 km BTC pipeline became operational in June 2006 till the end of June 2024, it carried a total of over 4.3 billion barrels (about 576 million tonnes) of crude oil loaded on 5,707 tankers and sent to world markets.

In the first half of 2024, about 110 million barrels (14 million tonnes) of BTC-exported crude oil was lifted at Ceyhan and loaded on 150 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 the first half of 2024, bp and its co-venturers spent around \$1,251 million in operating expenditure and around \$407 million in capital expenditure on Shah Deniz activities, the majority of which was associated with the Shah Deniz 2 project.

Production

During the first six months, 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 half of 2024, the field produced 14 billion standard cubic metres of gas and more than 2 million tonnes (around 18 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 80.7 million standard cubic metres of gas per day or approximately 29.5 billion standard cubic metres per year.

The Shah Deniz 2 project

In the first half of 2024, Shah Deniz 2 safely achieved two major milestones by starting up production from the East North flank wells. The first well began production on 13 February, and the second well was brought online on 19 June.

The subsea construction vessel Khankendi continued to perform project installation and commissioning activities while it also started providing life of field support covering services, surveys and interventions in all of the Shah Deniz 2 subsea producing assets.

The vessel has significantly expanded its scope of services under a new operatorship and maintenance contract specifically designed for bp and its partners to use a single vessel strategy. This means the Khankendi will be used as the main vessel for all offshore construction, installation, inspection, maintenance and repair works, as well as for emergency response activities, making bp's and its partners' operations in the Caspian safer and more efficient.

Drilling

During the first half of 2024, the Shah Deniz Alpha platform rig was on warm stack.

The Shah Deniz 2 project progressed with the wells programme activities using the Istiglal and Heydar Aliyev rigs. During the first six months of the year, these mainly included the completion of the SDH03 well, the de-completion and completion of the SDH01 well and commencement of the de-completion of the SDH02 well by the Istiglal rig – all on the East North flank.

The Heydar Aliyev rig progressed with the drilling of the SDD05 well on the West Flank.

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 six months of 2024, the SCPC spent around \$37.3 million in operating expenditure and about \$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 first half, the daily average export throughput of the SCP was 63.1 million cubic metres of gas per day.

Exploration

In the first half of 2024, we continued to analyse the data obtained in 2023 from the target reservoirs of an exploration well (SDX-8) in the Shah Deniz contract area, with the aim to appraise the deeper reservoirs beneath the existing Shah Deniz producing layers.

On the Shafag-Asiman offshore block, evaluation of the hydrocarbon resource encountered in the first exploration well (SAX01) and planning of future activities continue.

People

In the 1H 2024, the number of bp Georgia's employees was 239. 99% of bp Georgia's 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.

In the first half of 2024, bp and its co-venturers in the bp-operated joint ventures spent more than \$ 350,000 in Georgia on social investment projects. During the first half, this included two community development initiatives along BTC/SCP/WREP pipeline communities.

In addition, in the first half, bp alone spent around \$46,000 on various social projects in Georgia. During the first six months, these projects included agricultural, environmental initiative/biodiversity support and projects aimed at promoting education.

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