

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 2024 results

5 November 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 three quarters of 2024, bp and its co-venturers spent about \$402 million in operating expenditure and about \$968 million in capital expenditure on ACG activities.

In 2024, a new 4-dimensional (4D) high-definition ocean bottom node seismic programme was launched 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 with the seismic processing of the acquired data currently ongoing.

In mid-April 2024, oil production commenced from the new Azeri Central East (ACE) platform - the seventh offshore platform installed on the giant ACG field in the Caspian Sea.

Initial production from ACE came from the first platform well at the end of last year. Currently production from ACE is around 19,000 barrels per day from two wells. It is expected that ACE production will increase through the remaining months of 2024 to around 24,000bpd as one more planned well is 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 to 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.

## **Production**

During the third quarter of 2024, ACG continued to safely and reliably deliver stable production. Total ACG production for the first three quarters of 2024 was on average about 339,000 barrels per day (b/d) (about 93 million barrels or 13 million tonnes in total) from the Chirag (23,000 b/d), Central Azeri (96,500 b/d), West Azeri (75,500 b/d), East Azeri (51,000 b/d), Deepwater Gunashli (57,400 b/d), West Chirag (29,100 b/d) and ACE (6,500 b/d) platforms.

At the end of the third quarter, 147 oil wells were producing, while 47 were used for water and eight for gas injection.

## **Drilling and completion**

In the first three quarters, ACG completed 11 oil producer, two water injector and one cuttings re-injection wells.

## Associated gas

During the three quarters, ACG delivered an average of around 6.5 million cubic metres per day of ACG associated gas to the state of Azerbaijan (1.8 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 (NAG)

On 20 September 2024, SOCAR together with bp and other ACG co-venturers announced the signing of an addendum to the existing ACG production sharing agreement (PSA) to progress the exploration, appraisal, development of and production from the NAG reservoirs of the ACG field. The NAG resources of ACG are believed to be significant, with up to 4 trillion cubic feet (tcf) in place.

In accordance with the addendum, SOCAR and ACG co-venturers are now planning the next steps for the development of NAG reservoirs. As part of this, an initial well is being drilled to produce gas from two priority reservoirs. The well is important as it will also deliver appraisal through production which is expected to underpin future development plans.

The well is drilled from the existing West Chirag platform with the first gas production expected in 2025.

## Sangachal terminal

In the third quarter 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 three quarters, the Sangachal terminal exported about 166 million barrels of oil and condensate. This included about 165 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, about 74 million standard cubic metres (about 2,609 million standard cubic feet) of Shah Deniz gas was sent from the terminal daily in the three quarters 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 three quarters of 2024, BTC Co. spent \$104 million in operating expenditure and \$28 million in capital expenditure.

Since the 1,768 km BTC pipeline became operational in June 2006 till the end of September 2024, it carried a total of around 4.4 billion barrels (about 583 million tonnes) of crude oil loaded on 5,786 tankers and sent to world markets.

In the first three quarters of the year, about 165 million barrels (22 million tonnes) of BTC-exported crude oil was lifted at Ceyhan and loaded on 229 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, other SOCAR volumes produced in Azerbaijan) continue to be transported via BTC.

## Shah Deniz

Shah Deniz participating interests are: bp (operator – 29.99%), LUKOIL (19.99%), TPAO (19.00%), SGC (16.02%), NICO (10.00%) and MVM (5.00%).

In the first three quarters of 2024, bp and its co-venturers spent around \$1,780 million in operating expenditure and around \$582 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 20 billion standard cubic metres of gas and more than 3 million tonnes (around 26 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 third quarter of 2024, Shah Deniz 2 progressed towards the start-up of the third well on the East North flank.

The SCV Khankendi continued to provide life of field support covering services, surveys and interventions across all of the Shah Deniz 2 and ACG subsea producing assets. The single vessel strategy continued to be implemented in the region, with the Khankendi serving 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.

The Shah Deniz 2 activities remain the primary mission for the Khankendi, focusing on delivering the remaining wells within the project. To ensure the efficient utilization of the vessel and drilling rigs, an integrated schedule has been developed to optimize activities and accelerate well start-up dates.

## Drilling

During the third quarter 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 quarter, these mainly included the de-completion and re-completion of the SDH02 well on the East North flank and de-completion of the SDF02 well on the West South 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 three quarters of 2024, the SCPC spent around \$60 million in operating expenditure and about \$13 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 61.7 million cubic metres of gas per day.

## Exploration

In the first three quarters 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 currently producing Shah Deniz layers.

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

On 20 September, bp and SOCAR signed a memorandum of understanding (MOU) announcing bp's intention to join existing agreements on two exploration and development blocks in the Azerbaijan sector of the Caspian Sea. These are the Karabagh oil field and the Ashrafi-Dan Ulduzu-Aypara exploration area (ADUA).

## People

In the third quarter 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 three quarters of 2024, bp and its co-venturers in the bp-operated joint ventures spent more than \$ 400,000 in Georgia on social investment projects. During the first nine months, this included two community development initiatives along BTC/SCP/WREP pipeline communities.

In addition, in the first three quarters, bp alone spent around \$67,000 on various social projects in Georgia. During the first nine 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](http://www.bpgeorgia.ge)