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.

#   Description: btc Description: SCP Description: C:\Users\rahiet\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\4BMZNBHF\BP.jpg

**BUSINESS UPDATE**

**1st quarter 2022 results**

**5 May 2022**

**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 quarter of 2022, we spent about $133 million in operating expenditure and $396 million in capital expenditure on ACG activities.

During the quarter, the Azeri Central East (ACE) project progressed according to the plan along with the other bp-operated activities.

The ACE topsides and drilling facilities fabrication activities continued at the fabrication yard in Bibi-Heybat. In February, the topsides fabrication staff achieved a significant milestone - 10 million work-hours without a safety incident.

Several major liftings were safely completed at this site during the quarter. These included the main power generator exhaust structure, the flare base section and the gas injection compressor lifts. In addition, the dropped object structure and the topsides under deck platform with all related piping and equipment were installed. The drilling pipe erection and hydrotesting at grade are close to completion and the topsides pipe erection is progressing ahead of schedule. The drilling module commissioning continued at grade with the function testing of some parts already completed. Planning works continued for the drilling module disconnect and moves to support jack and skid onto the topsides planned for the second quarter of the year. The topsides commissioning progressed with the emergency switchboard energized and the living quarters switch room and battery rooms handed over to commissioning.

At the Heydar Aliyev Baku Deepwater Jackets factory (BDJF), the jacket fabrication progressed. The east tower frame was safely lifted onto the jacket and this was the final main lift of the permanent jacket structure. The post roll-up welding of the next frame – frame 7 to the centre box was completed while the post roll-up welding of the tower frames onto the jacket is ongoing.

The pipelay barge ‘Israfil Huseynov’ completed the installation of the ACE oil and gas lines.

The dive system reactivation on board the Diving Support Vessel “Tofig Ismayilov” has also been completed.

The offshore installation works associated with the spare power scope on the East Azeri platform also progressed during the quarter.

Modification construction works for operations control from shore have commenced at Sangachal Terminal.

At the end of the first quarter of 2022, the ACE project reached the 70% progress milestone. The project construction activities are currently at peak and involve about 5,500 people across Baku, Europe and the UK, with the majority of them being Azerbaijani nationals.

All engineering, procurement and fabrication works remain on track to support first production from the ACE project in 2023.

**Production**

During the first quarter of 2022, ACG continued to safely and reliably deliver stable production. Total ACG production for the quarter was on average about 434,000 barrels per day (b/d) (about 39 million barrels or 5 million tonnes in total) from the Chirag (25,000 b/d), Central Azeri (106,000 b/d), West Azeri (112,000 b/d), East Azeri (70,000 b/d), Deepwater Gunashli (79,000 b/d) and West Chirag (42,000 b/d) platforms.

At the end of the quarter, 137 oil wells were producing, while 37 were used for water and eight for gas injection.

**Drilling and completion**

In the first quarter, ACG completed three oil producer wells.

**Associated gas**

During the first quarter, ACG delivered an average of around 12 million cubic metres per day of ACG associated gas to the state of Azerbaijan (1 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 first quarter of 2022, 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 quarter, the Sangachal terminal exported more than 57 million barrels of oil and condensate. This included about 51 million barrels through Baku-Tbilisi-Ceyhan (BTC) and around 6 million barrels through the Western Route Export Pipeline (WREP).

Gas is exported via the South Caucasus Pipeline (SCP), the SCP expansion system and via Azerbaijan’s pipelines connecting the terminal’s gas processing facilities with Azerigas’s national grid system.

On average, around 71 million standard cubic metres (about 2,500 million standard cubic feet) of Shah Deniz gas was sent from the terminal daily during the first quarter of 2022.

**Baku-Tbilisi-Ceyhan (BTC)**

**BTC Co. shareholders are: bp (30.1%), 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 quarter of 2022, BTC spent about $9 million in operating expenditure and about $4 million in capital expenditure.

On 23 March 2022, BTC reached a significant milestone by loading the 5000th tanker of oil transported from the Sangachal terminal near Baku across Azerbaijan, Georgia and Turkey to Ceyhan.

Since the 1,768 km BTC pipeline became operational in June 2006 till the end of the first quarter of 2022, it carried a total of 3.82 billion barrels (more than 509 million tonnes) of crude oil loaded on 5,007 tankers and sent to world markets.

In the first quarter, around 51 million barrels (about 6.7 million tonnes) of BTC-exported crude oil was lifted at Ceyhan loaded on 68 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 continue to be transported via BTC.

**Shah Deniz**

**Shah Deniz participating interests are: bp (operator – 29.99%), LUKOIL (19.99%), TPAO (19.00%), SOCAR (14.35%), NICO (10.00%) and SGC (6.67%).**

In the first quarter of 2022, Shah Deniz spent around $759 million in operating expenditure and around $88 million in capital expenditure, the majority of which was associated with the Shah Deniz 2 project.

**Production**

During the quarter, the Shah Deniz field continued to provide deliveries of gas to markets in Azerbaijan (to Azerkontrakt), Georgia (to GOGC), Turkey (to BOTAS), to the BTC Company in multiple locations and to buyers in Europe.

In the first three months of 2022, the field produced more than 6 billion standard cubic metres (bscm) of gas and more than 1 million tonnes (more than 9 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 million standard cubic metres of gas per day or more than 26 bcma.

**The Shah Deniz 2 project**

In the first quarter of 2022, the Shah Deniz 2 project progressed on schedule towards the production start-up from the West South flank in the middle of the year.

The subsea construction vessel Khankendi safely completed most of the subsea installation activities on the West South flank including the installation of subsea pipelines, production trees, manifolds and control umbilicals. The diving activities for pipeline tie-ins progressed with the view to be completed in the second quarter.

In parallel, the project progressed with the topsides construction activities on the Shah Deniz Bravo platform. These activities are currently nearing completion. The pre-commissioning and testing activities for both topsides and subsea parts of the project are progressing on schedule. The best practices and experience from the start-up of the first deep water flank - East South - are being widely applied throughout the West South flank construction activities.

**Drilling**

In the first quarter of 2022, the Shah Deniz Alpha platform rig was on warm stack.

The Istiglal and Maersk Explorer rigs have already drilled 21 wells in total and completed 19 out of those for the Shah Deniz 2 production and subsequent ramp-up. The completed wells include five wells on the North flank, four wells on the West flank, four wells on the East South flank, four wells on the West South flank and two wells on the East North flank. One well on the West South flank and one well on the East North flank were drilled to the final depth and suspended.

**The South Caucasus Pipeline (SCP)**

**SCPC shareholders are: bp (29.99%), LUKOIL (19.99%), TPAO (19.00%), SOCAR (14.35%), NICO (10.00%) and SGC (6.67%).**

In the first quarter of 2022, the SCP spent around $14 million in operating expenditure and around $0.3 million in capital expenditure in total.

The SCP has been operational since late 2006, transporting Shah Deniz gas to Azerbaijan, Georgia and Turkey. The expanded section of the pipeline commenced commercial deliveries to Turkey in June 2018 and to Europe in December 2020.

During the quarter, the daily average export throughput of the SCP was 56.2 million cubic metres of gas per day.

**Exploration**

On the Shafag-Asiman offshore block, the drilling of the first exploration well was completed in March 2021 to the base of the Fasila reservoir to a depth of 7,189 metres.

The well encountered gas condensate resource in some of the penetrated reservoirs. Post-well analysis of the data received during the drilling is currently ongoing and includes processing of the original seismic data. This analysis is required in order to evaluate the hydrocarbon discovery and plan the next stage of exploration activities.

In the Shallow Water Absheron Peninsula (SWAP) structure, the third exploration well was spudded in the Qarabatdag area on 4 April 2022. Drilling activities are currently ongoing at the depth of around 770 metres. The second exploration well in the Bibi-Heybat area was drilled to its total depth of 4,230 meters and in mid-March it was safely plugged and permanently abandoned. The well did not encounter economic hydrocarbons.

**People**

At the end of the first quarter of 2022, the number of bp’s Azerbaijani national employees was 2,247 including fixed-term employees.

Since mid-2018, 90% of bp Azerbaijan’s professional staff has been nationals. Non-professional staff of bp in Azerbaijan is 100% nationalized.

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 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 quarter of 2022, bp and its co-venturers in the bp-operated joint ventures spent more than $1 million in Azerbaijan on social investment projects.

bp (on behalf of its co-venturers in the joint ventures that it operates) will continue their social investment initiatives in support of local capacity-building and enterprise development throughout Azerbaijan to assist the country in strengthening its economy.

Some examples of such projects in Azerbaijan are:

* The Enterprise Development Programme (EDP) initiated by bp (on behalf of its co-venturers in the joint ventures that it operates). This a multi-million-dollar initiative in support of local business development. The programme is part of the efforts to increase the local content of contracts in Azerbaijan and contribute to the healthy and transparent development of the local economy. During the first quarter of 2022, the programme continued its activities by providing capacity development support to local organizations. This included vocational education capability development of the training centres operating under the Ministry of Education and the Ministry of Labour and Social Protection of Population of Azerbaijan, as well as development training for AZERSU and the Innovation Centre. In addition, 20 individual entrepreneurs (The Patriotic War veterans) started their trainings within the vocational skills development programme implemented in cooperation with the ‘Kulane’ vocational education and training centre.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) has been supporting for five years a large group of 11th grade students in their efforts to prepare for higher education. The participants in the project called ‘Build your Future’ are selected from disadvantaged families. The project activities include two components – academic knowledge and social integration. In total, some 334 young people out of 389 participants in the programme over the past five years (86%) have been successful meeting the requirements of the higher school entrance exams and becoming students. Based on the results and overall success of this initiative, bp and its co-venturers have decided to continue the project into the 2021-2022 academic year. Currently, the programme continues with 95 participants selected for the new phase of the project.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) is supporting a project aimed at transferring the international business education expertise to Azerbaijan through bringing the internationally recognized Adaptive Strategic Execution Programme to the country. The programme is based at Baku’s ADA University. The training programme of the project is certified by the Fuqua School of Business at Duke University (USA) and is based on a world-class business education curriculum developed by Duke Corporate Education, a leader in providing executive education globally. The project is designed to help meet the current market demand in executive education. Overall, six streams are planned for the duration of the project covering a total of up to 108 students. Of these, four streams with a total of 78 graduates have already been completed. Recently, the project has started two new streams with 42 participants.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) is supporting a three-year educational project to strengthen data analytics research and training capacity in Azerbaijan. This is achieved through establishing a competitive and sustainable Master of Science in Computer Science and Master of Science in Data Analytics (MSCS/DA) dual degree programme, as well as further developing the Centre for Data Analytics Research at ADA University. The programme successfully continues with around 40 students in total attending the first and second cohort of studies.
* bp (on behalf of its co-venturers in the joint ventures that it operates) supported and led to a successful completion a social investment initiative focusing on remote learning in career planning, financial literacy and entrepreneurship for the benefit of schoolchildren aged between 13 and 17. Some 10 video lessons on entrepreneurship, nine video lessons on financial literacy and two video lessons on career planning were developed and made accessible to public via online and public TV channels as part of the project.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) is supporting the ABB Tech Academy initiative by sponsoring the training of 200 Azerbaijani citizens jointly with ABB. The project aims to train the new generation of digital workforce for the country. The programme currently continues with two new streams, which started in the first quarter of 2022, and 17 new participants.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) is supporting a social investment project aiming to improve English language skills of English teachers and students of the Azerbaijan State Oil and Industry University. In total, over 3,000 students and teachers at the university will benefit from this programme. A total of 74 teachers completed the language training in 2021. The programme currently continues with mentoring sessions.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) is implementing a social project to support youth entrepreneurship in rural areas. This is achieved through application of a youth business incubation model for 30 selected young people from the Samukh, Goranboy and Shamkir districts. The project includes provision of training and equipment for the project beneficiaries to help them start their own businesses. Work is currently ongoing to supply the project participants with equipment and devices they will need.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) is supporting a project aiming to empower local autism specialists by providing them with access to international best practices. The project includes support for the development of 60 local specialists using internationally approved training programmes, translation of internationally available learning and teaching materials, as well as public outreach activities. In addition, the project supports a group of autistic persons with preparation of individual self-development and business plans to help enhance their employment opportunities.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) is supporting a project to provide five schools in the neighbouring communities with a safe heating system using pellet. New heating systems were established in all five schools during the first quarter of 2022.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) has started a new project to enhance financial acumen of selected workforce in Baku and Ganja. A total of 60 people - 30 from Baku and 30 from Ganja - will receive training in finance, accounting and taxation followed by an internship opportunity to gain practical experience. The project will also include a career fair inviting employers from public and private enterprises.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) is supporting a two-year environmental project aiming to offset carbon emissions through preventing soil erosion and desertification. As part of the project, 250,000 new trees will be planted and maintenance support will be provided for 110,000 already planted trees in the Shamkir and Samukh districts. In addition, an innovative tree planting system with water-preserving equipment and layer planting technique will be created on one hectare of selected territory in the Gobustan district. In the first quarter of 2022, planting of 50,000 trees started in the Samukh district and land preparation for the planting of 200,000 trees in the Shamkir and Gobustan districts continued.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) is supporting war affected families in the Tovuz and Agstafa districts by providing social and psychological rehabilitation and legal services, as well as creating an opportunity to participate in two networking camps.
* bp (on behalf of its co-venturers in the joint ventures that bp operates in Azerbaijan) has started a project to support inclusive education in four schools - two in Baku and two in Sumgayit. The project aims to establish resource rooms at each school with all necessary equipment and technology. It is planned to train the teaching staff to efficiently use the new technology. The project also aims to achieve a behavioral change by raising the school community’s awareness about inclusive education. The project is implemented in cooperation with the Ministry of Education of Azerbaijan.

In addition, in the first quarter of 2022, bp alone spent more than $0.2 million on various social and sponsorship projects in Azerbaijan. Some examples of these include:

* translation from English into Azerbaijani and publication of 14 academic textbooks on startup and innovation, corporate finance, marketing, social research, international relations, economic policy, managerial economics, statistics for business and economics, econometrics, psychology and information security. This project aims to enhance the quality of teaching in 16 disciplines at over 15 local universities.
* a digital library for the Azerbaijan State Pedagogical University to benefit some 11,000 students and the teaching staff.
* electronics and electrical engineering, as well as energy efficiency and renewable energy laboratories for the University of Architecture and Construction aiming to enhance research and teaching capability of the university.
* a printing and publishing centre for the Azerbaijan State Oil and Industry University to satisfy the publishing needs of over 10,000 students and 800 teaching staff members.
* an opportunity for the startup community to get access to the expertise and funding available in Europe. The project is implemented in cooperation with the Ministry of Digital Development and Transport of Azerbaijan and with the Hungarian government agency responsible for export promotion (HEPA). The project will train up to 20 local startups to enter the European market providing them with the frameworks to scale up to European countries with the focus on Hungary, Germany and the UK.
* support for the collection, research and publication of articles, thoughts and views by Azerbaijan’s well-known scholars, political and public figures about Nizami Ganjavi – a giant of Azerbaijan’s and the world’s poetic treasury. The publication is bp’s gift to the ‘Year of Nizami Ganjavi’ announced by President Ilham Aliyev on the occasion of the great poet’s 880th birthday anniversary.
* support for the “Enactus Network Leadership Summit 2022”. The summit was attended by more than 60 members from 25 member countries of the Enactus platform.
* support for the ‘Ferqli Ferdler’ congress focused on people with special needs. This is an effort aimed at helping address the issues of people with special needs, supporting their integration into society and creating sustainability opportunities for them.
* support for the youth project ‘Yuksel’ since 2020. The project initiated by the Heydar Aliyev Foundation helps inspire young people to strive for success and achievements in different fields.
* support for translation from Russian into Azerbaijani and English and publication of research material about the art of patchwork.
* a digitally managed library for Baku State University to benefit 15,000 students and members of the teaching staff.
* support for enhancement of project management capabilities at eight universities through training the administrative staff, students and teachers, development of a curriculum and teaching materials.

Further information: Tamam Bayatly at bp’s press office in Baku.

Telephone: (+994 12) 525 58 95