

BP and partners sanction \$6 billion Azeri Central East development offshore Azerbaijan

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- Next stage of development of giant ACG field in Caspian Sea
- New 100,000 barrel a day platform expected onstream in 2023
- New development approved in 25th year of landmark partnership

BP and partners have sanctioned the Azeri Central East (ACE) project, the next stage of development of the giant Azeri-Chirag-Deepwater Gunashli (ACG) oilfield complex in the Azerbaijan sector of the Caspian Sea.

The \$6 billion development includes a new offshore platform and facilities designed to process up to 100,000 barrels of oil per day. The project is expected to achieve first production in 2023 and produce up to 300 million barrels over its lifetime.

The sanction is the first major investment decision by the ACG partnership since the extension of the ACG production sharing agreement (PSA) to 2049 was agreed in 2017. More than \$36 billion has been invested into the development of the ACG area since the original PSA was signed in 1994.

Rovnaq Abdullayev, president of SOCAR, said: “Today’s sanctioning marks yet another important milestone in the development of ACG for the benefit of the nation, which began 25 years ago with the signing of the Contract of the Century. For decades, SOCAR has been reinvesting Azerbaijan’s oil revenues in the development of a highly-qualified workforce and modern industrial facilities in our country. Today we have world-class factories, production and installation complexes, marine vessels and a highly-skilled local workforce, which have created opportunity for the construction and installation of the ACE platform by Azerbaijani specialists throughout the country. Looking forward, we expect more than three billion barrels of additional oil production from ACG. This strategic decision supports Azerbaijan’s increasing role as an energy supplier for the regional and global markets.”

BP chief executive Bob Dudley said: “Working together over the past 25 years, this remarkable partnership has turned these world-class assets into tremendous benefits for the people of Azerbaijan. The ACE extension builds on that legacy and helps ensure that the next quarter century will be just as bright.”

Gary Jones, BP’s regional president for Azerbaijan, Georgia and Turkey, added: “Today’s announcement supports the long-term production plans we set for ACG when we extended the PSA.

It demonstrates our commitment to work with SOCAR and Azerbaijan's government to continue to unlock ACG's resources more efficiently and competitively."

The Azeri Central East (ACE) project is centred on a new 48-slot production, drilling and quarters platform located mid-way between the existing Central Azeri and East Azeri platforms in a water depth of approximately 140 metres. The project will also include new infield pipelines to transfer oil and gas from the ACE platform to the existing ACG Phase 2 oil and gas export pipelines for transportation to the onshore Sangachal Terminal.

In addition, there will be a water injection pipeline installed between the East Azeri and ACE platforms to supply injection water from the Central Azeri compression and water injection platform to the ACE facilities.

Construction activities, which will commence this year and run through mid-2022, will take place in-country utilizing local resources. It is expected that, at peak, construction activities will create up to 8,000 jobs.

BP has a 30.37% stake in and operates the ACG PSA. Partners include SOCAR/AzACG (25%), Chevron (9.57%), INPEX (9.31%), Equinor (7.27%), ExxonMobil (6.79%), TPAO (5.73%), ITOCHU (3.65%) and ONGC Videsh Limited (OVL) (2.31%).

Notes to editors

- The ACG Production Sharing Agreement (PSA) was initially signed in September 1994. In September 2017, the PSA was amended and restated to be effective until the end of 2049. The new contract aims to maximize the economic benefits of ACG for Azerbaijan and shareholders over the next 31 years.
- ACG is a super-giant field and to date more than 3.5 billion barrels (474 million tonnes) of oil have been produced from the field. The oil is exported to world markets, primarily via the Baku-Tbilisi-Ceyhan and Western Route Export pipelines.
- To date, total investments of more than \$36 billion have been made into the development of the ACG field.
- ACG currently has eight offshore platforms – six production platforms and two process, gas compression, water injection and utilities platforms. The platforms export oil and gas to the Sangachal Terminal, one of the world's largest oil and gas terminals, onshore near Baku.
- In 2018, total production from ACG averaged 584,000 barrels per day.
- The ACG field has been developed in several phases:
 - Chirag has been producing since 1997 as part of the Early Oil Project (EOP);
 - Azeri Project Phase 1 - Central Azeri began production in early 2005;
 - Phase 2 included West Azeri, which started production in January 2006, and East Azeri started production in October 2006;
 - Phase 3 - Deepwater Gunashli started up in April 2008; and

- the latest step of development the Chirag Oil Project – West Chirag, which has been producing since January 2014.

Further information

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This document contains references to non-proved resources and production outlooks based on non-proved resources that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262.

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