

bp

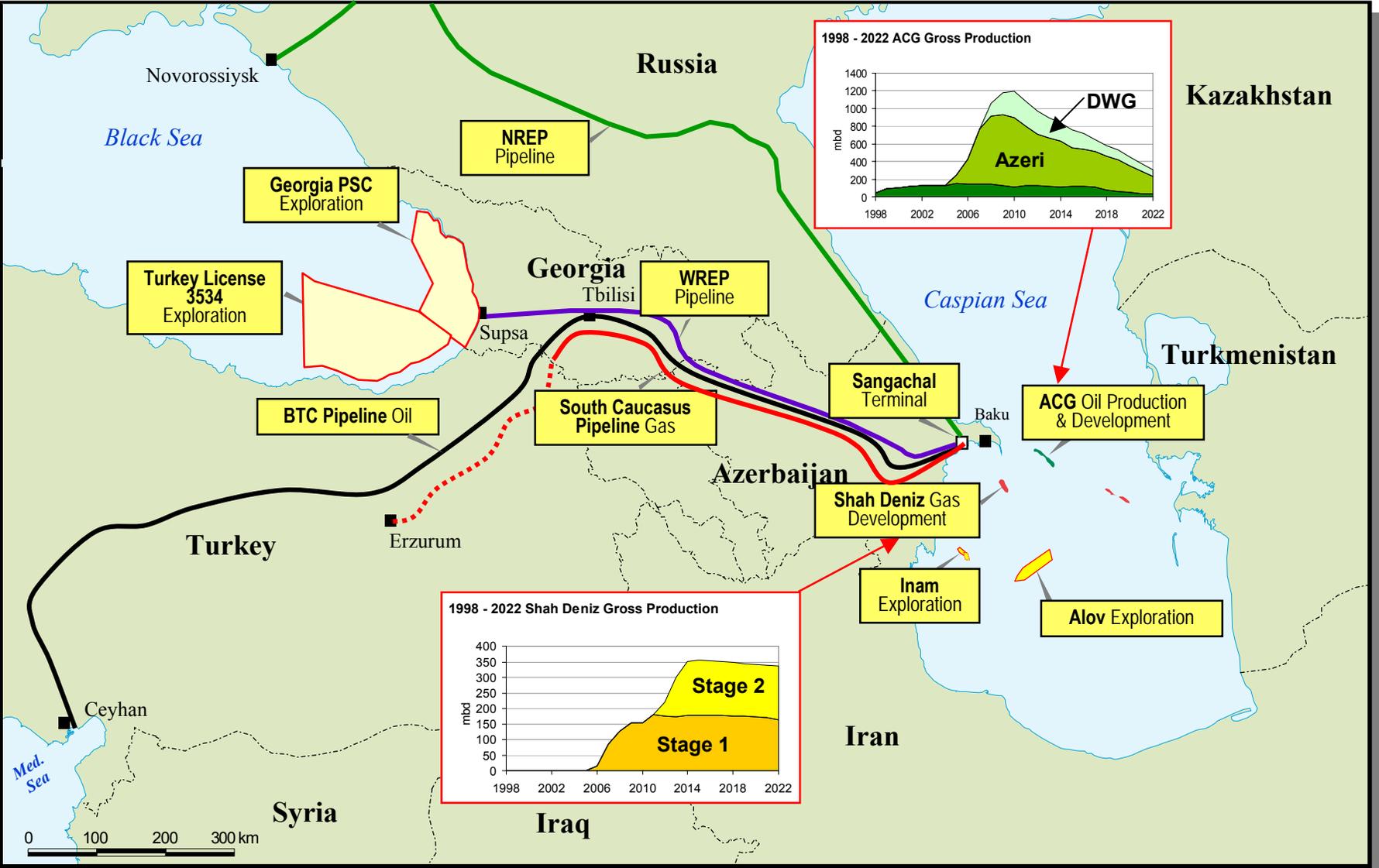


**BP Azerbaijan**

May 2006



# BP Azerbaijan Interests

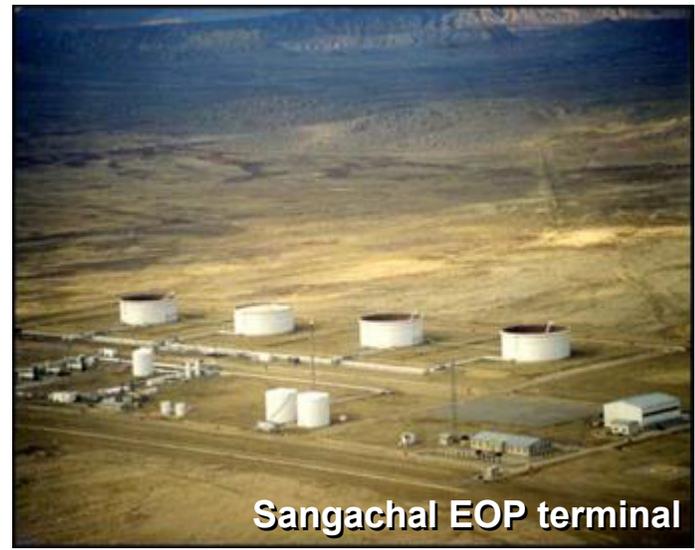
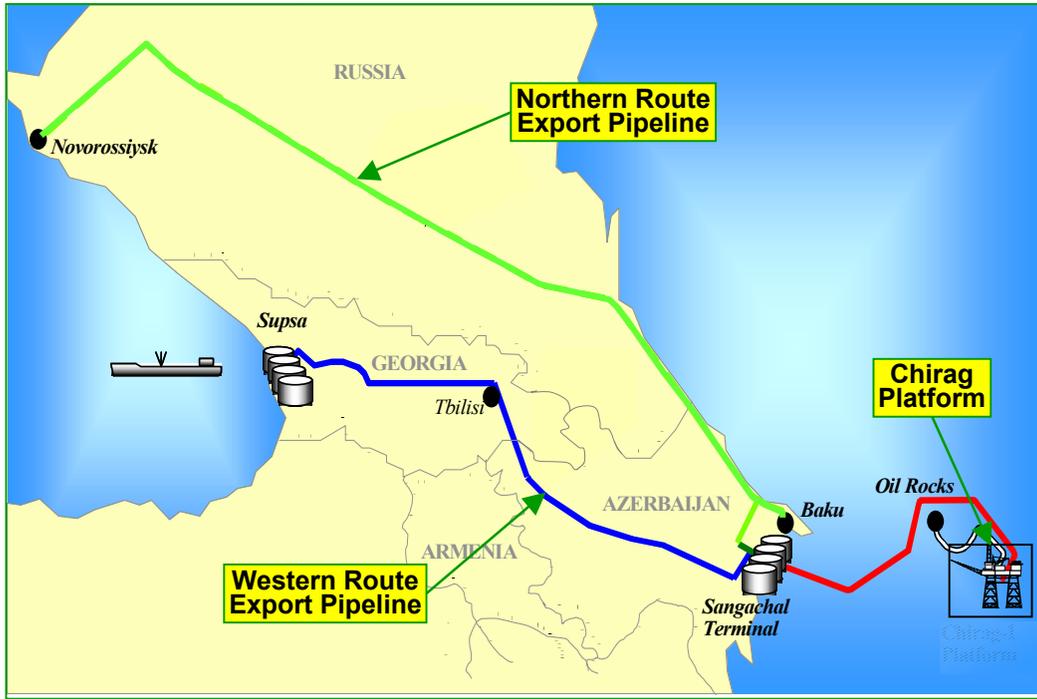


# ACG Early Oil Project

First oil	Nov 1997
2005 production - exported	140 mbd gross
2005 Lifting and transportation cost	~\$1.60/bbl
Total investment	~\$2.2bn

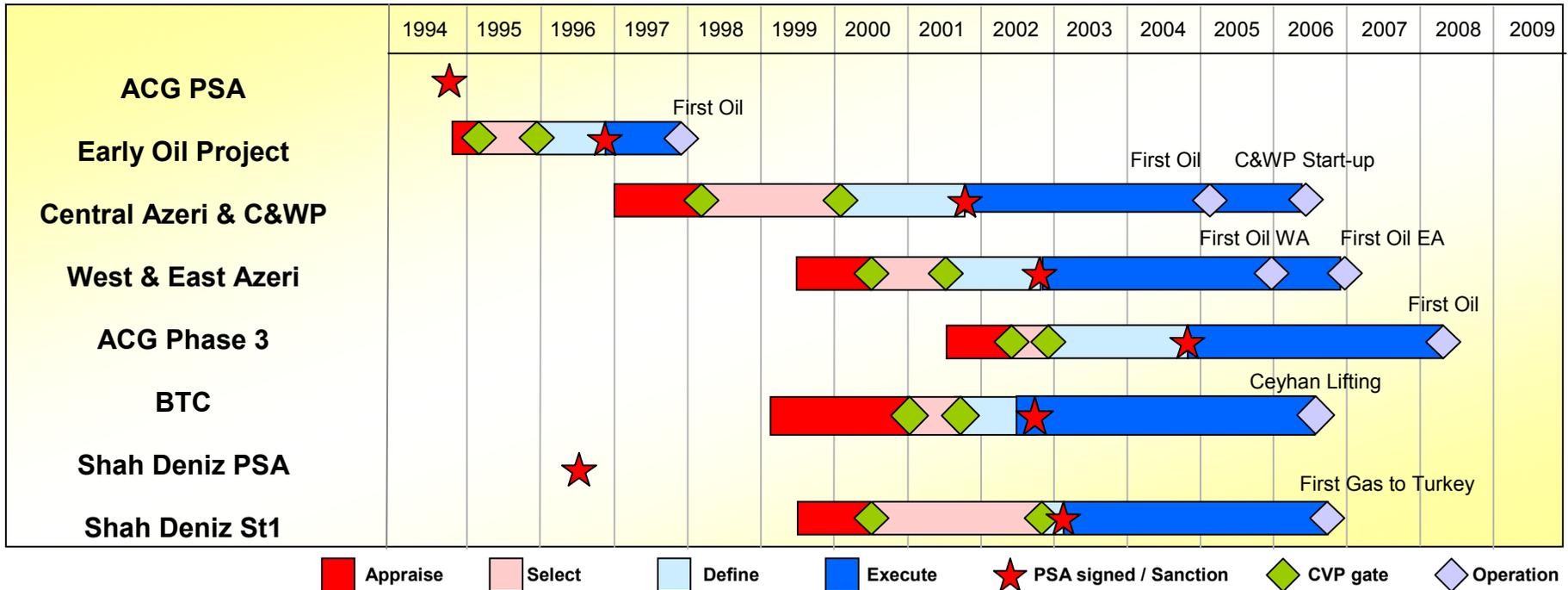


Chirag platform

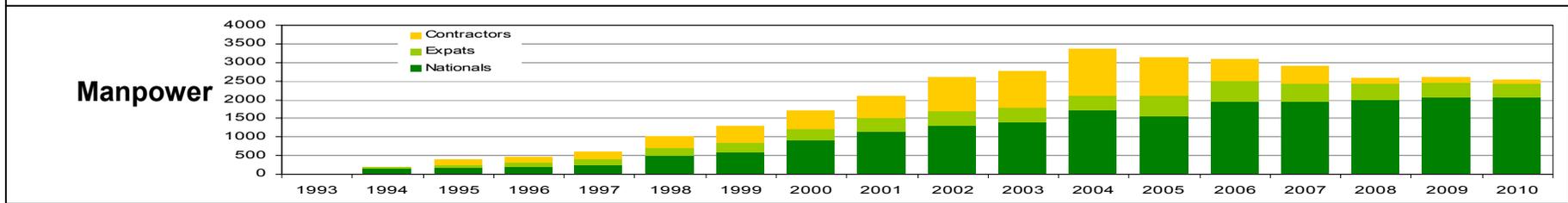
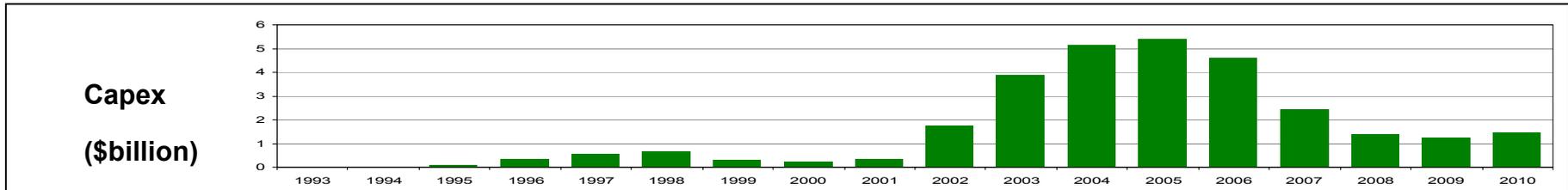


Sangachal EOP terminal

# Project Schedule

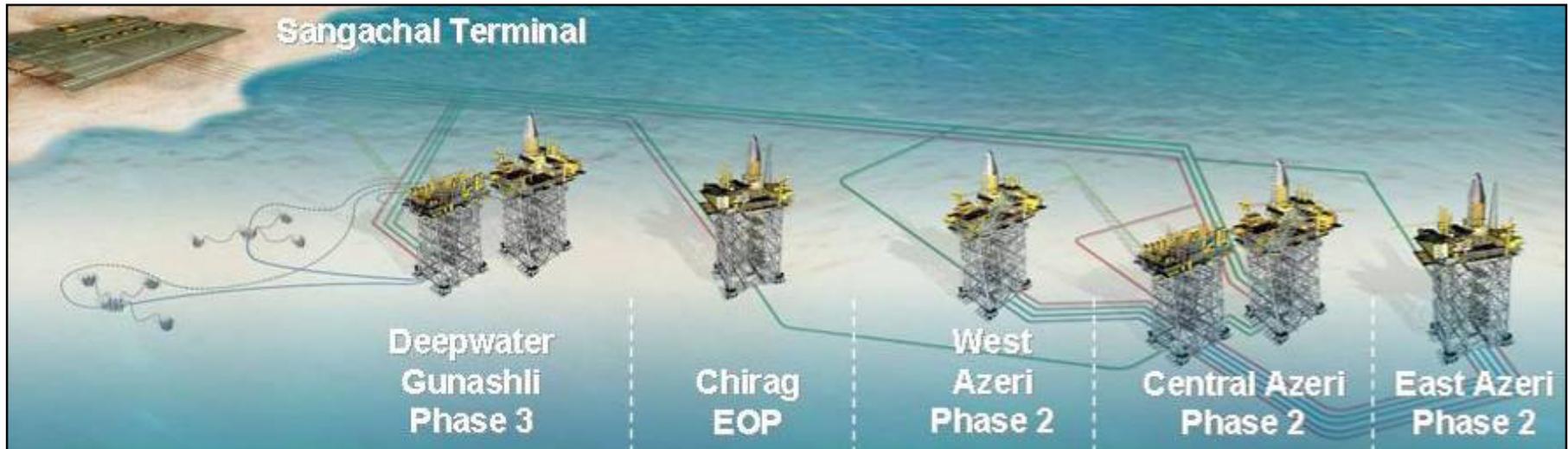
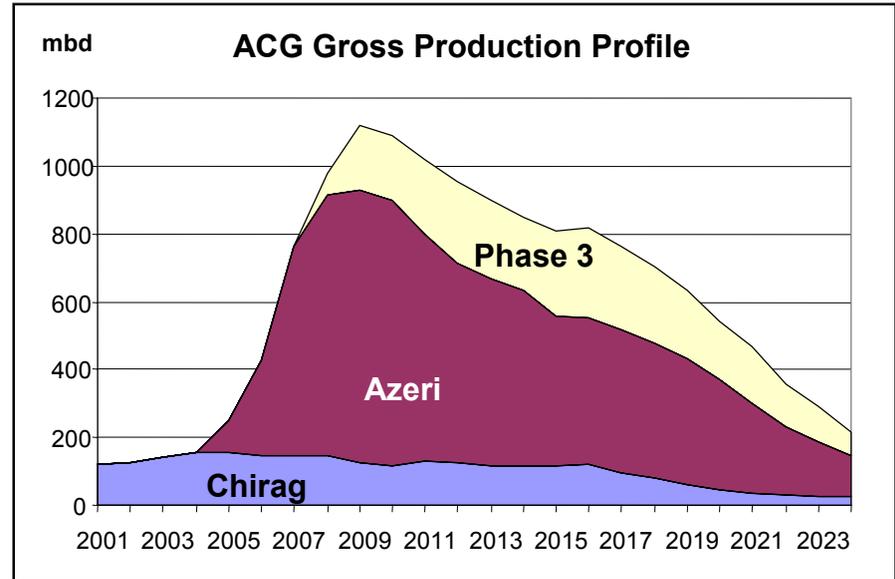


■ Appraise   
 ■ Select   
 ■ Define   
 ■ Execute   
 ★ PSA signed / Sanction   
 ◆ CVP gate   
 ◇ Operation



# ACG Full Field Development

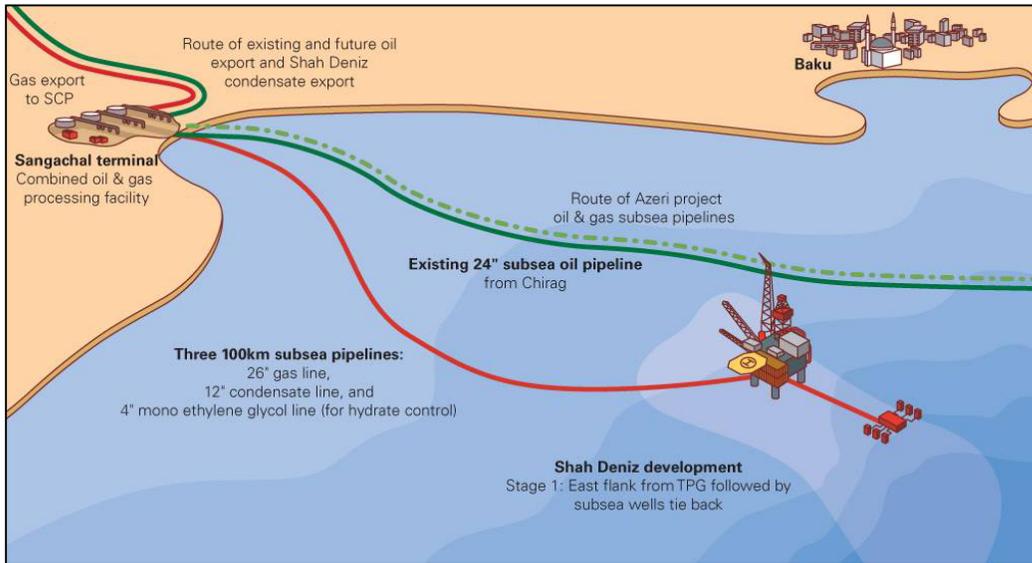
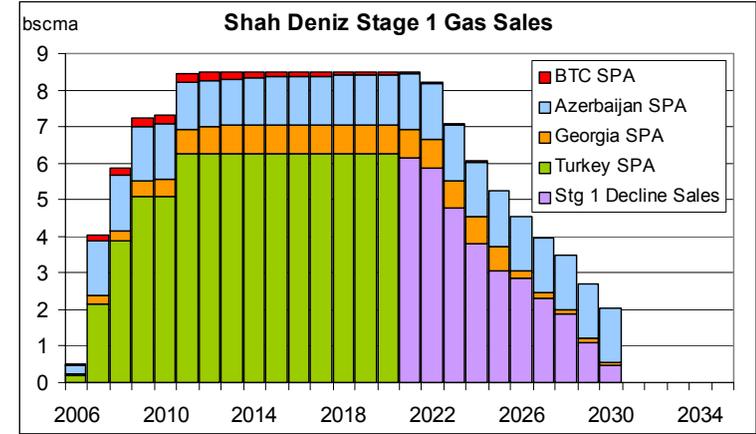
- ACG reserves 5.4 bn bbl gross
- Peak production > 1 mmbd gross
- Capital cost ~\$14 bn gross
- Project start-up dates:
  - Central Azeri Feb 2005
  - West Azeri Dec 2005
  - Gas injection 2Q 2006
  - East Azeri 4Q 2006
  - Phase 3 (DWG) 2Q 2008



# Shah Deniz



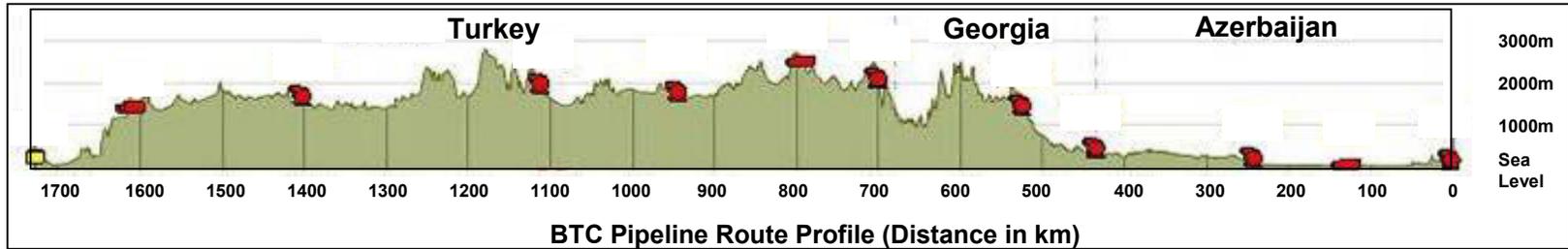
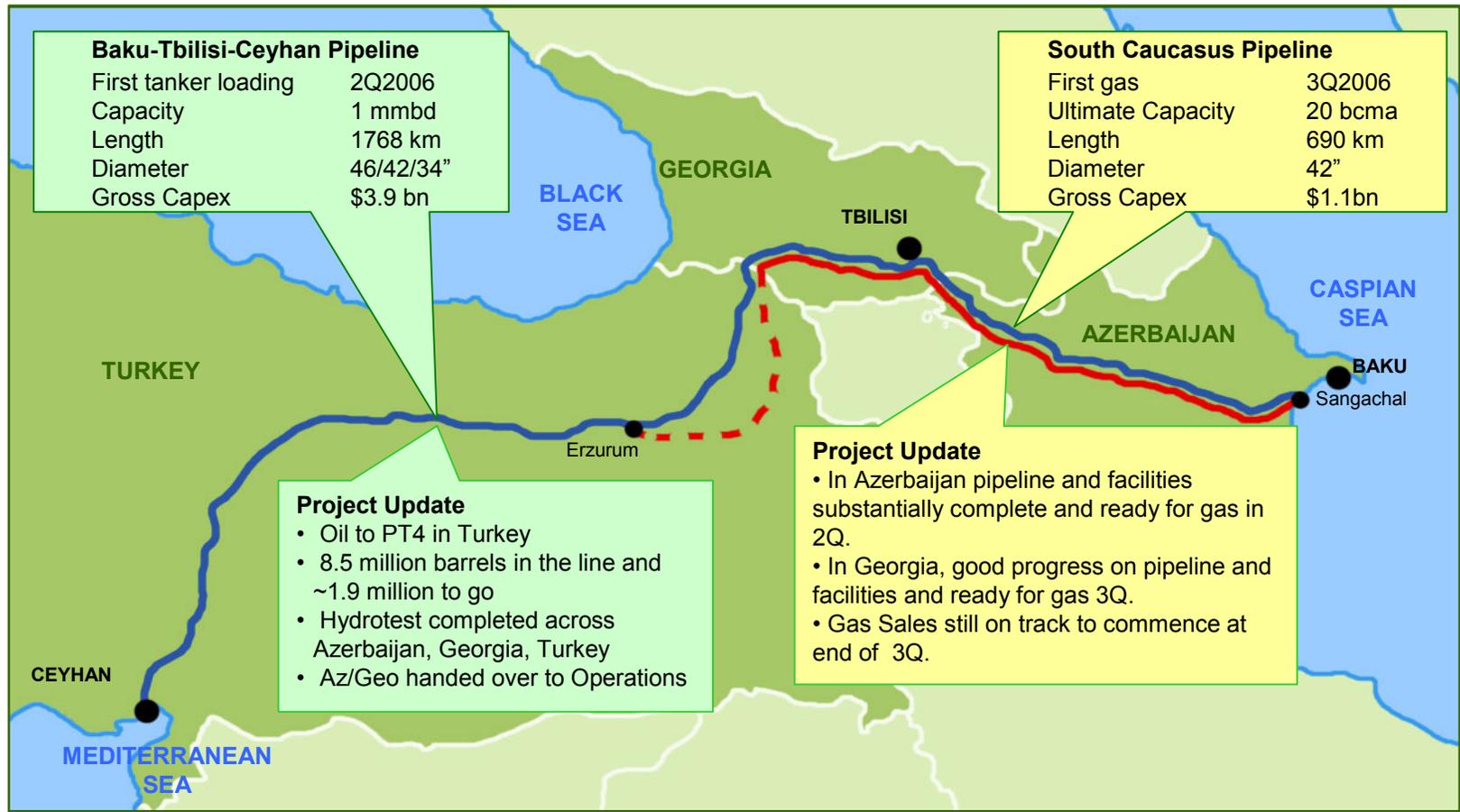
Reserves (Total)	~15 tcf of gas ~600 mmbbl of condensate
Stage 1 peak production	8.5 bcma
Capex	~\$4bn
Sanction	1Q2003
First gas	Sept 2006 (to Turkey)



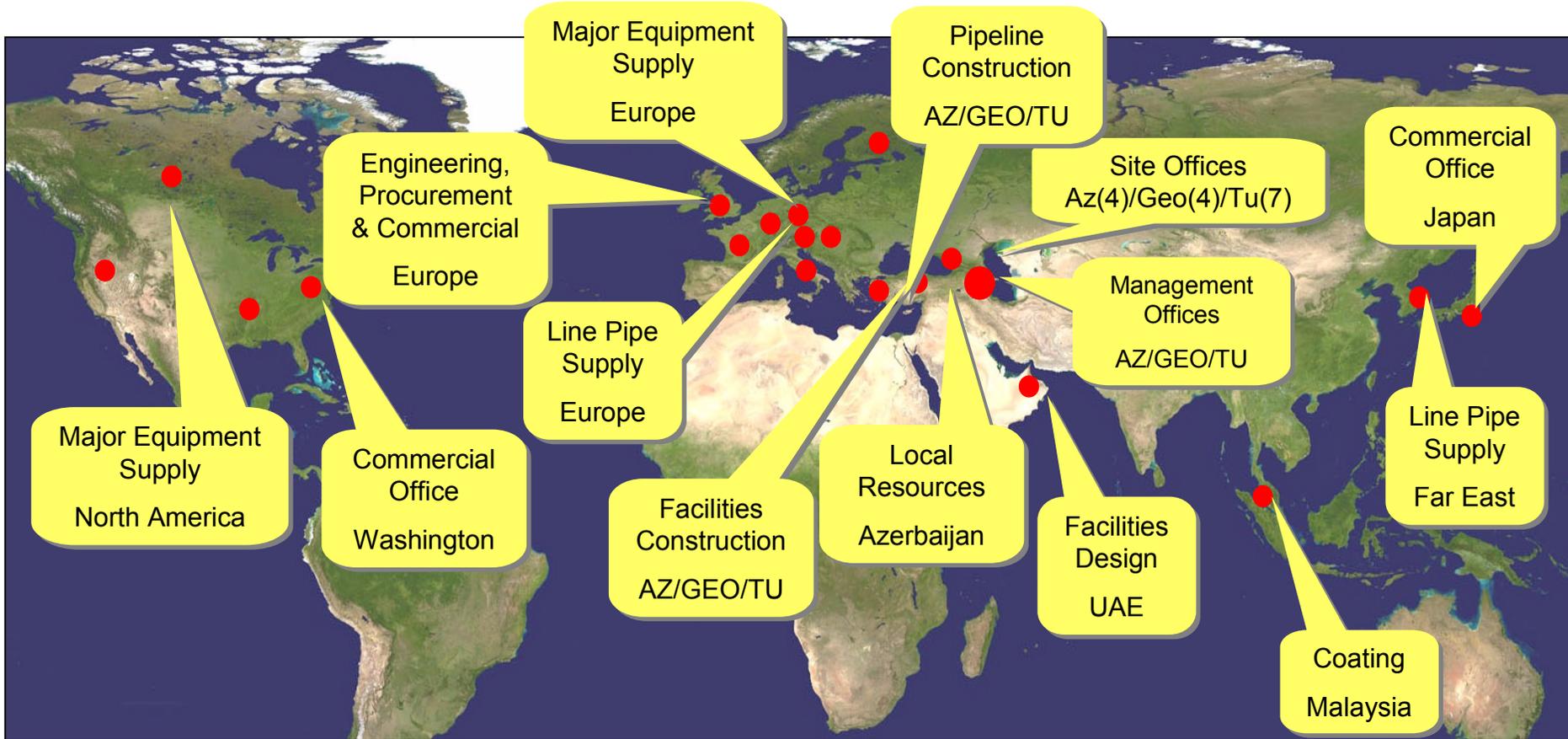
- Current status :**
- Subsea pipeline comp: 1Q'06
  - 4<sup>th</sup> pre-drill well comp: 1Q'06
  - TPG 500 installed: April '06
  - Sangachal terminal gas in: 2Q'06



# Azerbaijan, Georgia, Turkey Pipelines Project

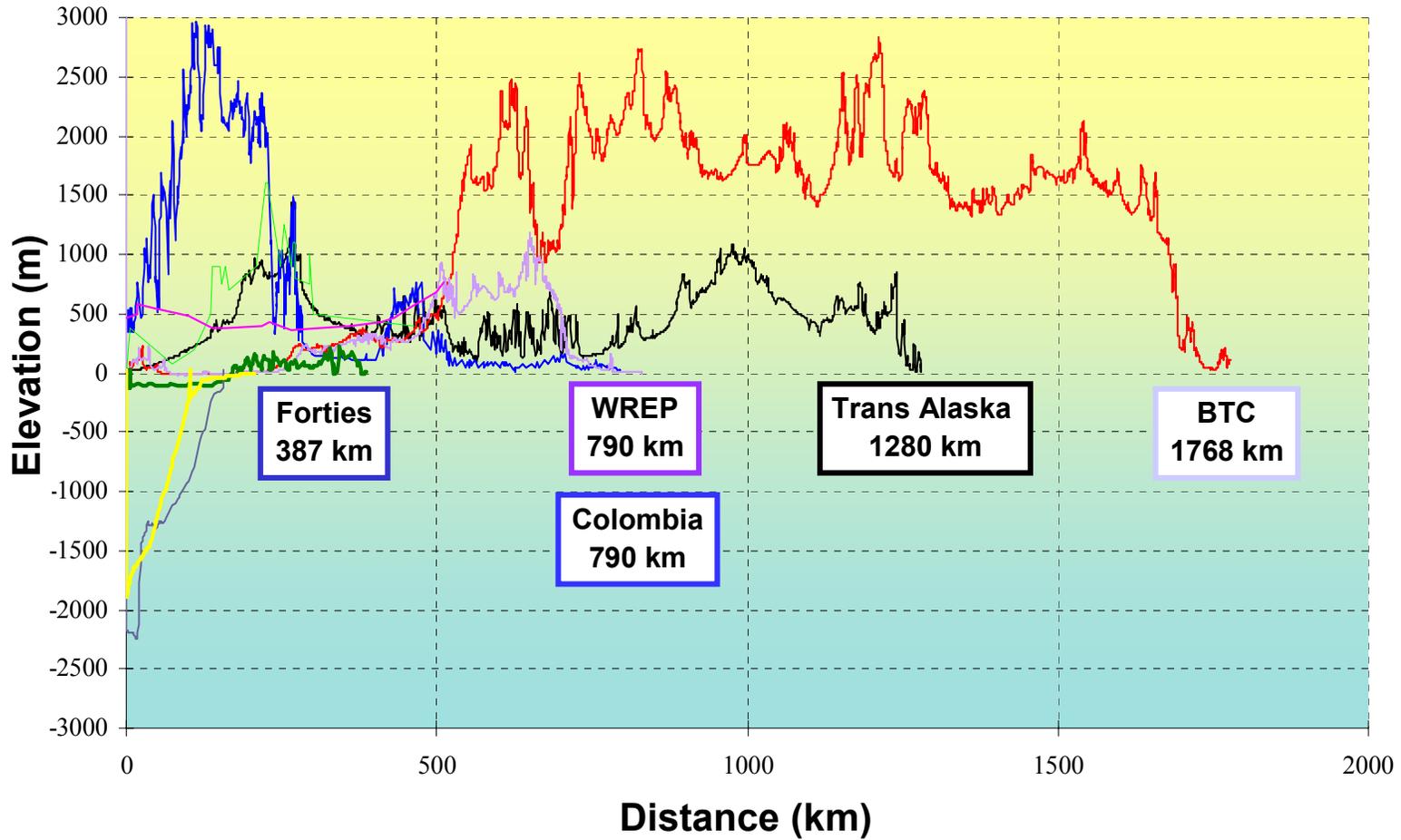


# Breadth of BTC



- Complex project to design and construct unlocking \$20 billion of investment in the Caspian. Project management team of 500, workforce of 22,000
- BTC to supply 1 million b/d of oil – 1.3% of world oil supplies. ACG's 5.6 billion barrels of reserves are about 1/2% of world proven oil reserves

# Pipelines around the BP Group

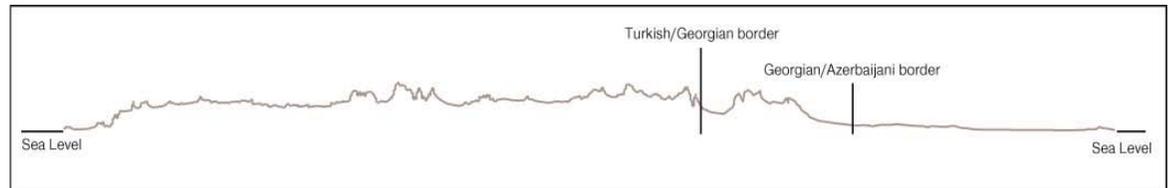


- Trans Alaska
- Caspian WREP
- Forties Sealine and Landline
- Colombia OCENSA
- Trans Alpine Pipe line (TAL)
- Mardi Gras Cleopatra
- BTC Baku to Ceyhan
- Algeria ISG
- Mardi Gras

# BTC – The Challenge



- Pipeline crosses 1760km of widely differing terrain in 3 countries
- Starts below sea level and reaches height of 2,800m as it crosses the Caucasus
- Buried along the entire route
- Avoids route sensitivities and natural hazards
- Displaces no one

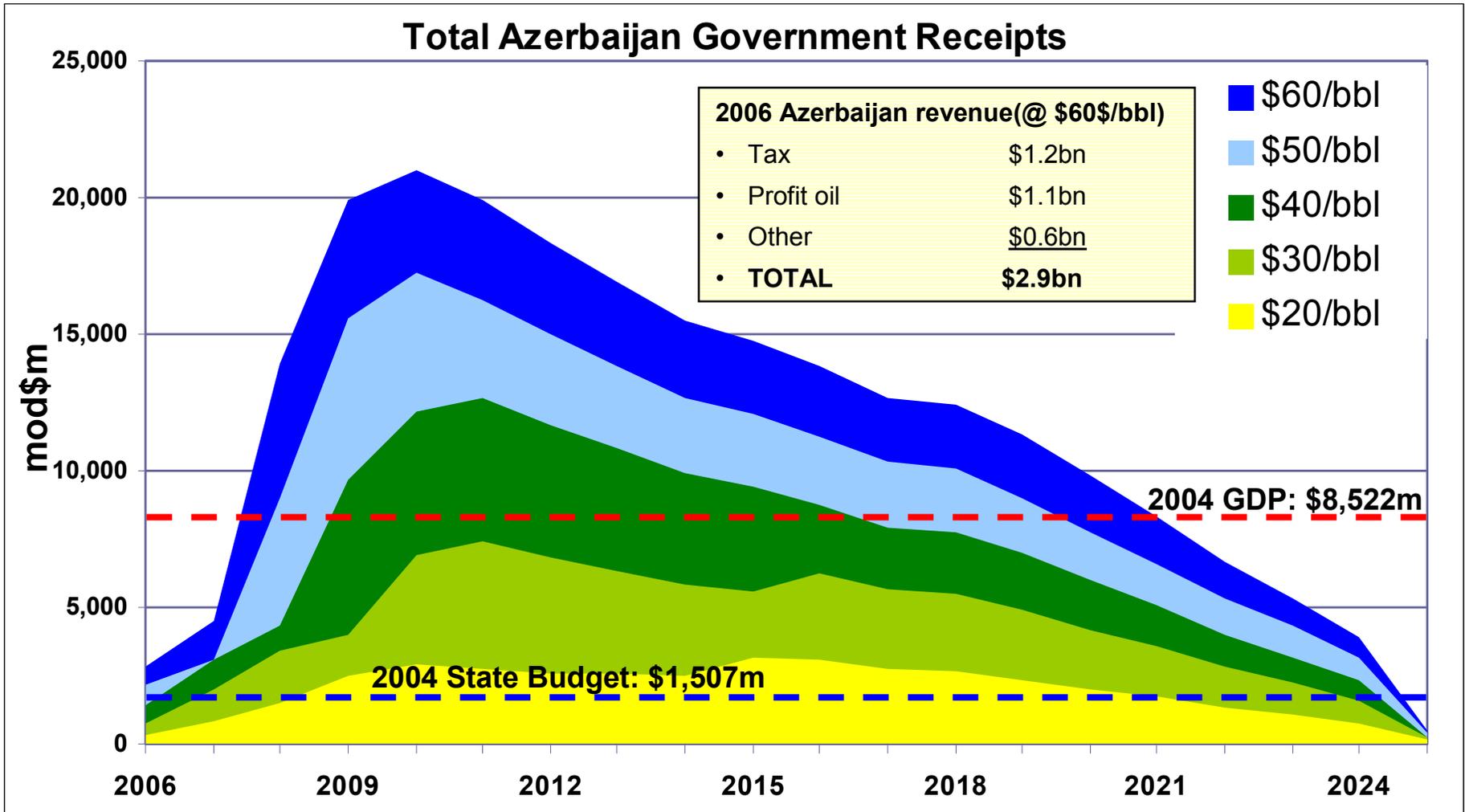


# Avoiding the Bosphorus



- Oil volumes shipped through Bosphorus still increasing 2001 – 101 million tonnes (*pipeline oil would have increased volume by 50%*)
- Oil tanker traffic increasing as a percentage of total transits through Bosphorus (2001)

# Azerbaijan Oil and Gas Revenues



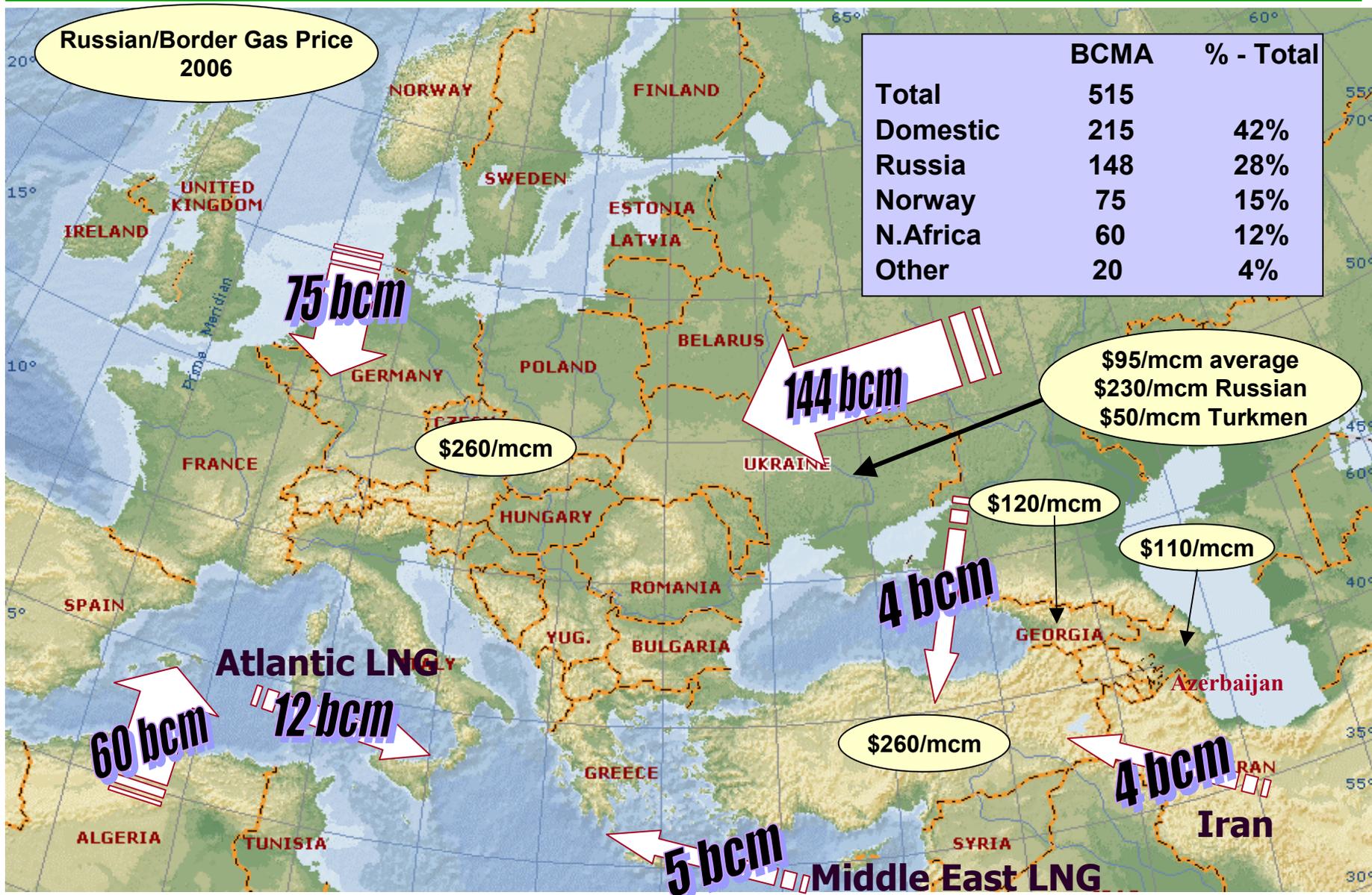
**Forecast State Revenues from ACG, BTC and SD Stage 1/SCP**

~\$40bn at \$20/bbl      ~\$140bn at \$40/bbl      ~\$230bn at \$60/bbl

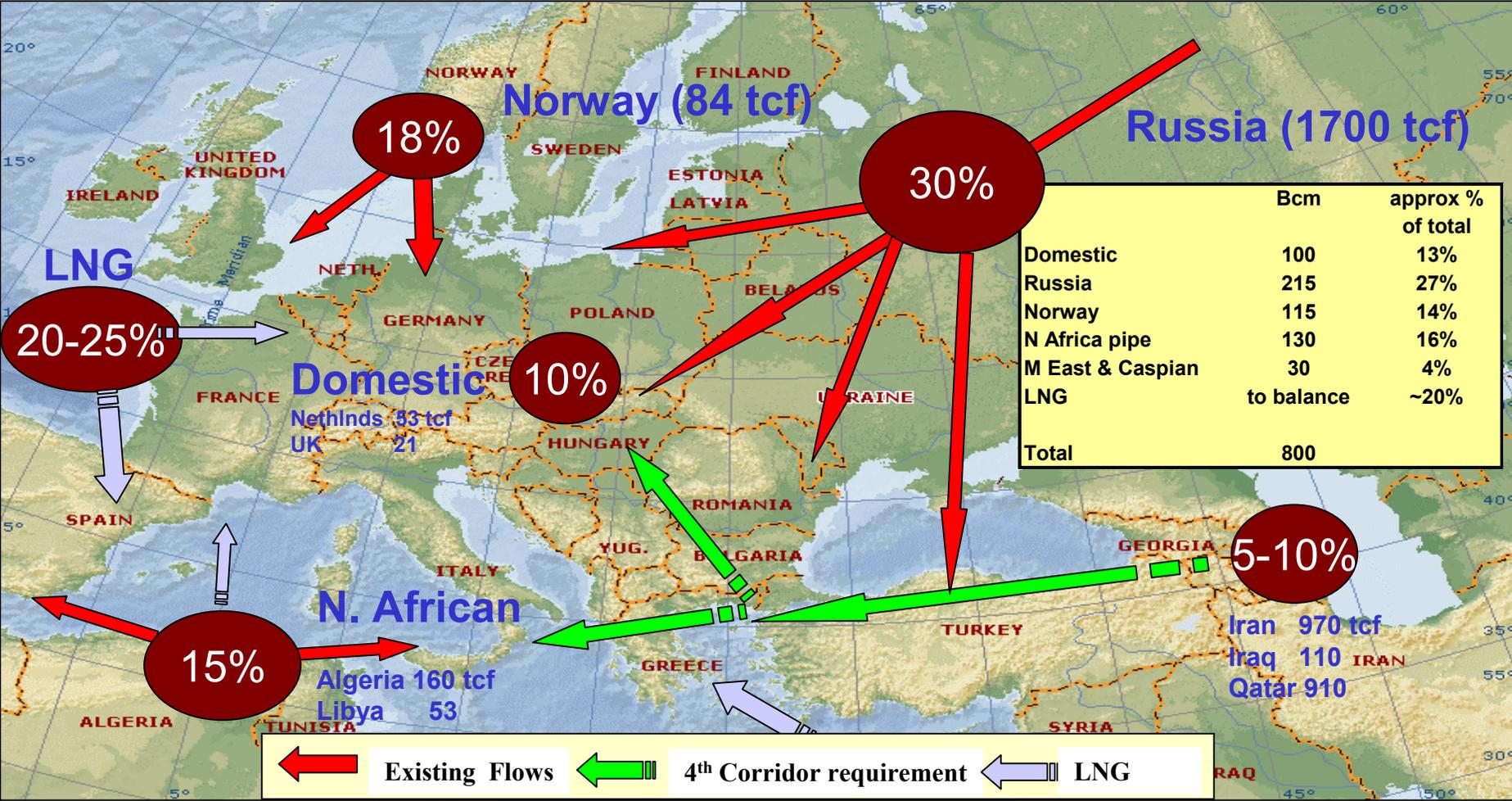
....including profit oil, tax, bonuses, SOCAR



# Gas Supply - Europe in 2004 - 515 bcma Market



# Potential Gas Supplies to Europe 2020 (800 bcma)



- Russia Projects: Europol Expansion, NEGP, Bluestream Expansion
- Numerous Regas terminals under appraisal/consideration – not all will go ahead
- New supply source from North Africa and Middle East
- Caspian Gas potential to Europe.

- BTC opens up non-OPEC, non-Middle East oil and gas to Western markets, will supply 25% of world oil demand growth 2006-2007 and is setting new standards, maintaining transparency, and ensuring benefits at local, national and international level
- The project was made possible by aligning business needs with the aspirations of regional governments with strong US backing
- Significant future potential exists in the region which could contribute materially to Europe's energy needs in 2015+
- BTC expansion and development of gas supply to Europe will require Azerbaijan government capacity and desire
- Azerbaijan future management of oil and gas revenues and democratic process will be essential for future sustainability of the country and will require ongoing support

**West Azeri on production**



**EA jacket launch**



**Sangachal Terminal**



**Central Azeri & C&WP**



# Shah Deniz



Offshore Pipeline – beach pull



TPG500



Sangachal Terminal on track



Progress on SDX-04 appraisal

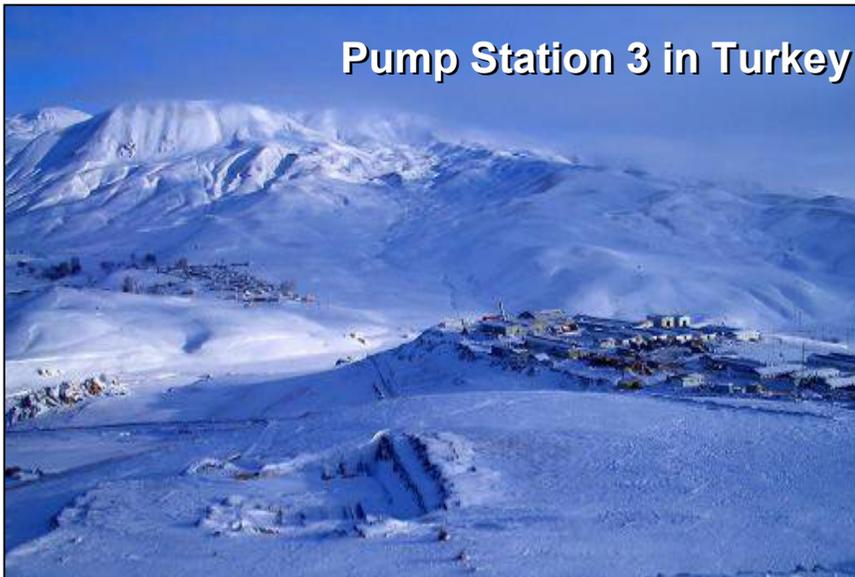
**Reinstatement Georgia**



**1st Oil into BTC**



**Pump Station 3 in Turkey**



**Ceyhan**

