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## **Mega-Project**

- **FID announced Dec. 17, 2013**
- **Transiting 7 countries, 6 regulatory systems, 4 separate commercial projects, 11 companies, costing 45 Billion dollars, with gas contracts to 11 companies**
- **Unprecedented FDI in Azerbaijan and the greater region**
- **Scope and scale of this project provides tremendous new opportunities for US companies**

## **Mega-Project II**

- **Field contains at least 1.2 TCM natural gas. It is one of the largest gas and gas condensate fields in the world**
- **Condensate production from the Shah Deniz field is expected to increase to 120,000 barrels per day, from current levels of approximately 55,000 barrels per day**
- **Contracted supplies: 10 BCM annually to Europe and 6 BCM to Turkey**
- **Volumes can be expanded**

## **Upstream Development**

- **First gas is targeted for 2018, with sales to Georgia and Turkey; first deliveries to Europe will follow approximately a year later**
- **Shah Deniz Stage-2 (SD2) or Full Field Development (FFD) is one of the largest and the most complex projects in the world**
- **Currently 7 wells drilled and drilling 19 more wells is planned**

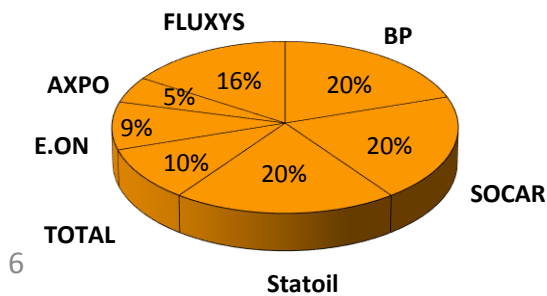
## **Southern Corridor: 4 commercial components**

- **Expansion of the existing South Caucasus Pipeline through Azerbaijan and Georgia**
- **TANAP Pipeline across Turkey**
- **Construction of the Trans Adriatic Pipeline (TAP) across Greece, and Albania and to Italy**
- **Gas Transmission infrastructure to Bulgaria**

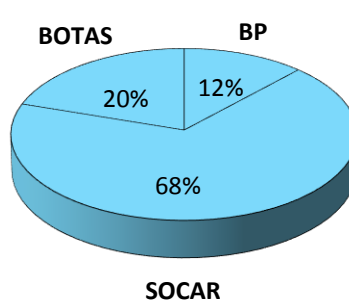
# The Southern Corridor investors



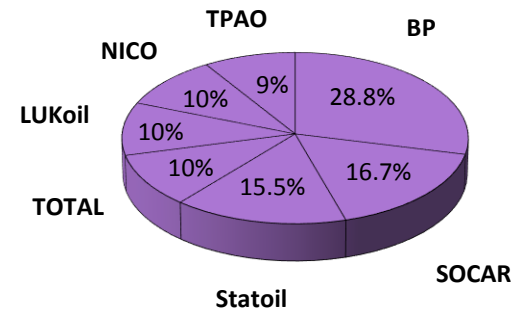
Trans-Adriatic Pipeline (TAP)



Trans-Anatolian Pipeline (TANAP)



Shah Deniz 2 and SCP expansion



## **European Energy Security**

- **Big gap in price and security of supply between European average and countries in periphery of Europe**
- **Europe: rising coal consumption together with rising renewables. Need to be able to be green and to afford**
- **North American imports will not solve price issue**
- **The FID on this project shows that both the private market and European institutions are planning for Europe's economic recovery**
- **It is putting the energy resources in place to fuel the economic growth when it happens**
- **This project was able to happen since both commercial and policy interests were aligned**

## **Why is this project important for Europe?**

- **Shah Deniz brings the first new volumes to Europe in decades**
- **Most other new projects have re-routed existing gas volumes**
- **When looking at its portion of overall EU consumption, the volumes are not large**
- **Yet this project reaches specific gas markets of southeastern Europe that previously relied primarily on a single source, leading to supply vulnerability and high import prices**



## **Why is this project important for Europe? II**

- **The Southern Corridor will be the catalyst for interconnectors in Southern Europe**
- **For a number of years, the EU has spoken about the importance of interconnectors, but in Southern Europe it has not happened until this project has triggered it**
- **It represents the largest planned investment in Greece and Southern Europe since the Eurozone economic crisis**
- **It will bring with it new jobs and more investment, which are urgently needed across the region**
- **The project will lead to gasification of new regions that previously did not have access to this green fuel**

# **Shah Deniz development is the first stage in the establishment of a wider Southern Corridor**

- **Volumes may be expanded, such as in Turkey, Greece, Bulgaria and Italy**
- **Supply infrastructure may be added to reach additional markets, such as the Balkans through the Ionic-Adriatic Pipeline**
- **Additional sources of gas may transport via the Southern Corridor: Central Asia, Iraq, Israel, and other fields in Azerbaijan**

## **Azerbaijan's goals**

- **In pursuing Shah Deniz, the Republic of Azerbaijan also has strategic goals**
- **It could sell its gas at a high profit and a lot easier to close markets**
- **However, it wants to be a supplier to Europe and this is a strategic goal for Azerbaijan**
- **Also, the Government of Azerbaijan wants SOCAR to be a major player in Europe and globally**
- **Azerbaijan wants SOCAR to play a role not only as a NOC, but an IOC**

# The Future of the Southern Corridor

