

Shah Deniz targets Italian and Southeastern European gas markets through Trans Adriatic Pipeline

Wien (OTS) - The Shah Deniz consortium announced today that it has selected the Trans Adriatic Pipeline (TAP) to deliver gas volumes from the Shah Deniz stage 2 project to customers in Greece, Italy and Southeast Europe.

This is an important milestone in the Shah Deniz consortium's multi-phased approach to the opening of the Southern Corridor. Initially the Southern Corridor will deliver up to 10 billion cubic metres a year (BCMA) of Shah Deniz natural gas to European markets.

Today's decision is also an important step in the consortium's plans for a final investment decision on Shah Deniz 2. This project, with its associated pipelines, will cost over \$40 billion and will bring over 16 billion cubic metres a year (BCMA) of Azerbaijani gas to market.

"We are delighted that Azerbaijani gas will be transported to Europe, enabling the implementation of the Southern Gas Corridor. This will be made possible through development of the South Caucasus Pipeline Expansion, Trans Anatolian Pipeline and Trans Adriatic Pipeline," stated Rovnag Abdullayev, President of SOCAR.

"We are also pleased that the Shah Deniz Consortium has plans to work with European interconnector projects to deliver gas to multiple countries across Southeast Europe. We look forward to the co-venturers making their final investment decision on the Shah Deniz stage 2 project later this year."

"Beyond Shah Deniz, we are confident that Azerbaijan's gas exports will increase dramatically as fields like ACG Deep, Absheron, Umid and Shafag-Asiman are developed, and we see the pipeline route towards Austria as a natural market for this gas. The development planning of both pipeline routes lays the foundation for future growth and we appreciate the support of the European Commission throughout this process," Abdullayev added.

"Choosing Italian and Southeast European markets for delivery of gas from Shah Deniz stage two is a major step forward for the

development of our project," said Gordon Birrell, Regional President for BP in Azerbaijan, Georgia and Turkey.

"We are very pleased that the comprehensive and very competitive pipeline selection process has concluded, so that we can move forward with the Southern Gas Corridor. This will bring gas from the Caspian Sea directly to Europe for the first time. We would like to take this opportunity to thank both the Nabucco West and TAP teams for the high quality of their offers and for the outstanding cooperation that they have offered to the Shah Deniz consortium," Birrell said.

The selection of TAP to complete the first phase of the Southern Corridor followed an intensive evaluation period during which experts from the Shah Deniz consortium evaluated the alternative export routes using their previously announced selection criteria, namely: commerciality, project deliverability, financial deliverability, engineering design, alignment and transparency, safe and efficient operability, scalability and public policy considerations.

The Shah Deniz consortium has agreed terms with a number of companies in Italy and Greece for its gas sales. In addition, negotiations are underway to make gas sales in Bulgaria, and Shah Deniz plans to make an expression of interest to take pipeline capacity to that country.

Furthermore, Shah Deniz supports the inter-governmental memorandum of understanding of 23 May 2013 supporting the realisation of TAP and the Ionian-Adriatic Pipeline (IAP), signed by Croatia, Montenegro, Bosnia & Herzegovina and Albania and recognised by the Adriatic and Ionic Council on 27 May 2013.

The next stage is for Shah Deniz consortium members to make a final investment decision on the full Shah Deniz stage two development.

Zwtl.: Notes for Editors:

The Shah Deniz Stage 2 project will bring gas from the Caspian Sea to markets in Turkey and Europe, opening up the 'Southern Gas Corridor'. Shah Deniz Stage 2 is expected to add a further 16 billion cubic meters per year (bcma) of gas production to the approximately 9 bcma from Shah Deniz Stage 1.

This Stage 2 development of the Shah Deniz field, which lies some 70 kilometres offshore in the Azerbaijan sector of the Caspian Sea, is expected to include two new bridge-linked production platforms; 26 subsea wells to be drilled with 2 semi-submersible rigs; 500 km of subsea pipelines built at up to 550m of water depth; a 16 bcma upgrade for the South Caucasus Pipeline (SCP); and expansion of the Sangachal Terminal. Further pipelines will be built and expanded to transport Shah Deniz gas through Turkey and Europe.

The Shah Deniz co-venturers are: BP, operator (25.5 per cent), Statoil (25.5 per cent), SOCAR (10 per cent), Total (10 per cent), Lukoil (10 per cent), NICO (10 per cent) and TPAO (9 per cent).

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