

Southern Gas Corridor



SOCAR Midstream Operations – Company Overview

SOCAR Midstream Operations established as an affiliate Company of SOCAR, under the direction of the President of the Azerbaijan Republic and SOCAR President to represent Azerbaijan's strategic shareholding and interests in onshore oil and gas export pipelines and facilities including:

- Providing shareholder governance of the South Caucasus Pipeline (SCP), Baku Tbilisi Ceyhan (BTC), Trans Anatolian Natural Gas Pipeline (TANAP) and Trans Adriatic Pipeline (TAP);
- Facilitating the commercial and technical future expansion of the SCP system (SCPFEX);

Starting from 1st of May 2015 SOCAR Midstream Operations Ltd. fulfils the role with respective obligations and activities as Commercial Operator of SCPC. The Commercial Operatorship was transitioned from STATOIL, who was holding this role since 2007.

Overview of the Southern Gas Corridor

- The SGC will link resources in the Caspian to markets in Europe for the first time
- The SGC will provide a new, reliable source of gas to help diversify Europe's energy mix.
- Over 1 trillion cubic meters of natural gas and in excess of 2 billion barrels of condensate.
- One of the largest energy projects anywhere in the world - a network of 3,500 km of pipelines: SCPX, TANAP, TAP
- \$40 bn of investment, 30,000+ jobs
- 16 bcma of gas from Shah Deniz Stage 2: 6 bcma to Turkey, 10 bcma to European buyers
- Contracts already signed with 11 gas buyers
- Construction is currently going on throughout the project, which transits 6 countries



Southern Gas Corridor Projects Overview



The Southern Gas Corridor Consists of 4 Projects

- ❖ The Shah Deniz gas-condensate field (Stage 1 “**SD1**” & Stage 2 “**SD2**”)
- ❖ The South Caucasus Pipeline (“**SCP**”) and its Expansion (“**SCPX**”) through Azerbaijan and Georgia to Turkey
- ❖ The construction of the Trans-Anatolian Pipeline (“**TANAP**”) through Turkey to Greece
- ❖ The construction of the Trans-Adriatic Pipeline (“**TAP**”) through Greece, Albania and the Adriatic Sea to Southern Italy
- ❖ The SGC also envisages the construction of Interconnector Greece-Bulgaria (“**IGB**”) and possibly Ionic Adriatic Pipeline (“**IAP**”)

The Southern Gas Corridor





- Gas and condensate initially in place: **1.0 tcm** of gas and **2.0 billion barrels** of condensate
- **SD1** existing capacity: **10.9 bcma** of gas and **50 mbd** of condensate
- **SD2** will expand production by another **16 bcma** of gas and **105 mbd** of condensate per day
- SD2 total project costs: **US\$22.7 billion**, out of which **US\$17.9 billion** has been spent as of June 2018
- Overall progress to 1st Gas is **100%** as of the end of June 2018
- As planned, the gas deliveries to Turkey commenced on 30 June 2018.



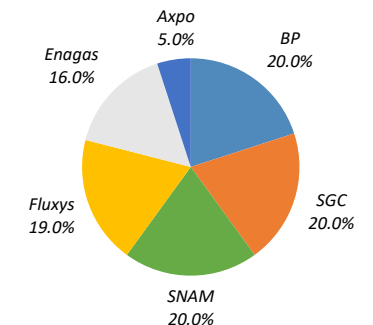
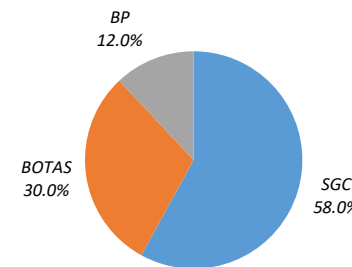
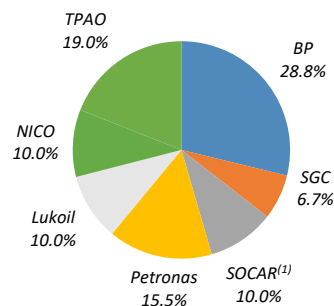
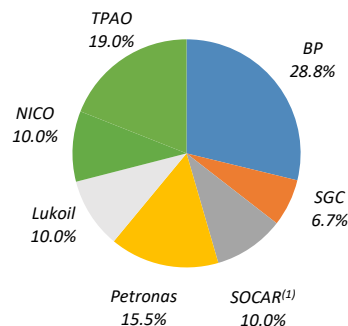
- **SCP** started gas deliveries to Georgia and Turkey in 2006. Current capacity: **7.41 bcma**, length: **692 km**
- **SCPX** will expand capacity to **23.4 bcma** through a new pipeline that runs alongside SCP for **489 km**. SCP's capacity may be expanded further up to 31 bcma if needed.
- SCPX total project costs: **US\$4.7 billion**, out of which over **US\$4.2 billion** has been spent as of June 2018
- Major contracts awarded and about 98.5% of the overall scope is completed as of the end of June 2018.
- As planned, the gas deliveries to Turkey commenced on 30 June 2018.



- Capacity: Initial **16 bcma**, expandable to **31 bcma**
- Length: **1821.5 km** plus 17.5 km long parallel subsea pipeline in Dardanelles
- Operation start: 2018
- Total project costs 2014 - 2019: **US\$8 billion**, out of which US\$5.5 billion has been spent as of the end of June 2018
- **1,781.7 km** of main pipeline had been welded and **1,709.6 km** of pipe lowered in trenches as of the end of June 2018;
- TANAP overall progress equals to circa 95.3% as of the end June 2018;
- Commissioning procedure was started at the end of December 2017 and was finished on 30 June 2018. TANAP Opening Ceremony was held on 12 June 2018. 1st Commercial Gas introduction to the pipeline took place on 30 June 2018.



- Capacity: Initial **10 bcma**, expandable to **20 bcma**
- Length: **878 km**
- Operation start: 2020
- Total project costs: **EUR 4.5 billion**, out of which **EUR 3.1 billion** has been spent as of the end of June 2018
- Welding activities are progressing well in Greece (528.3 km welded and 472.9 km lowered into trenches) and Albania (189.3 km welded and 179.2 km lowered into trenches), licencing process is ongoing in Italy;
- TAP overall progress is circa 76.4% as of the end of June 2018;
- 2020: start of operations



The Southern Gas Corridor



Trans Adriatic Pipeline (TAP)

Total Length:
870 km (Greece 545 km, Albania 211 km, Italy 8 km, Adriatic Sea 105 km)



Shareholders



Trans Anatolian Natural Gas Pipeline (TANAP)

Total Length:
1850 km (Turkey)



Shareholders



South Caucasus Pipeline Expansion (SCPx)

Total Length:
691 km (Azerbaijan 443 km, Georgia 248 km)



Shareholders



Technical Operator – BP, Commercial Operator – SOCAR

Shah Deniz Consortium (SHD II)

Reserves:
1.4 trillion cubic meters (tcm)

Shareholders



South Caucasus Pipeline Expansion - SCPX



The expansion of the South Caucasus Pipeline is part of the Shah Deniz Full Field Development project. Expansion involves pipeline loop in Azerbaijan and shorter loop in Georgia along with two compressor stations. The new pipeline will be connected with TANAP at Georgian-Turkish border and will serve for further delivery of natural gas to European market through TAP. This will approximately triple the gas volumes exported through the pipeline to circa 23 bcma.

South Caucasus Pipeline Expansion - SCPX

- A total length of the new pipeline – 489 km
 - in Azerbaijan – 424 km;
 - In Georgia – 63 km;
 - TANAP interconnection – 2 km;
- Diameter of the pipeline: 48 inches;
- A total budget of the project: \$4.7 bln;
- Total Project man-hours: 45 867 321
- The construction has started in 2014 and is planned to be completed by March 2019.
- The SCPX overall progress is 98.5%;
- SCPX First Gas scope (CSG1 & Area 81) construction completed. Site is ready for introduction of hydrocarbons. Commissioning of subsystems is in progress.
- CSG2 construction progress stands at 92.7%.



South Caucasus Pipeline Future Expansion - SCPFX

- SCPFX is included into the list of key energy infrastructure projects known as Projects of Common Interests (PCIs) since 2013 and may benefit from enhanced access to financial support from European Union institution.
- SCPFX is a further expansion of existing SCP system in order to fulfil the potential demand for additional export capacities of natural gas producers within the Caspian Sea.
- The SCPFX project is in the early concept phase with a number of options under consideration, the optimal case will be driven by the explicit request of future gas shippers.
- The design of SCPFX will be based on the final SCP system, which is now undergoing expansion.