



PRESS RELEASE

First Oil from East Azeri Reaches Sangachal Terminal

November 14, 2006

The Azerbaijan International Operating Company (AIOC), operated by BP, today announced that first East Azeri oil reached the Sangachal Terminal on November 10th. This marks the beginning of East Azeri revenue oil production and follows the start-up of oil production from the East Azeri platform on October 21st, four months ahead of schedule.

This major achievement represents the hard work and dedication of more than ten thousand people in Azerbaijan and other countries, who have delivered outstanding performance on the East Azeri project over the past three years.

The parties to the Azeri-Chirag-Gunashli (ACG) Production Sharing Agreement are: BP (operator - 34.1%), Chevron (10.3%), SOCAR (10%), INPEX (10.0%), Statoil (8.6%), ExxonMobil (8%), TPAO (6.8%), Devon (5.6%), Itochu (3.9%), Hess (2.7%).

East Azeri (EA) is now producing from two pre-drilled wells and production has already ramped up to over 70,000 barrels per day. Overall total production from the ACG field is now over 600,000 barrels per day, ahead of AIOC's original expectation of 500,000 barrels per day.

EA completes Phase 2 of ACG full field development in the Azerbaijan sector of the Caspian Sea. Phase 3, which will develop the Deep Water Gunashli area of ACG, remains on schedule to commence production in 2008.

Production from EA will increase through mid-2007 as the remaining five pre-drilled wells are brought online, prior to commencing platform drilling. On plateau, the facility will produce 260,000 barrels per day bringing total Azeri production, including West and Central Azeri, to over 800,000 barrels per day.

The EA facilities comprise a 48-slot production, drilling and quarters (PDQ) platform and a 30" oil pipeline tie-in to the onshore Sangachal Terminal along with other in-field pipelines and systems.

Oil from EA will be transported via the new 30" subsea pipeline to the onshore Sangachal Terminal. Associated gas will flow via in-field subsea pipelines to the Compression and Water Injection Platform (C&WP) for re-injection into the reservoir for pressure maintenance. Surplus gas will be exported via an existing subsea pipeline to the Sangachal Terminal and onward to the Azerigas system for domestic use.

Photos available

Note to Editors:

The ACG Production Sharing Agreement (PSA), signed in September 1994, covers the 30 year development of the Azeri-Chirag-Gunashli contract area. It is estimated that 5.4 billion barrels of oil will be recovered during the PSA period. The field is being developed in several phases: Chirag has been producing since 1997 as part of the Early Oil Project (EOP). This was followed by Azeri Project Phase 1 - Central Azeri production in early 2005. Successive phases have included West Azeri, which started production in 2006, and East Azeri, which came on stream in October 2006 as Azeri Project Phase 2. The final ACG development phase - Phase 3 (Deepwater Gunashli) is under construction and expected to begin production in 2008.

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