

The background of the slide is a photograph of an offshore oil rig at sea during sunset. The rig's complex steel structure, including several tall derrick masts, is silhouetted against a warm, orange and yellow sky. The sun is a bright, glowing orb on the right side of the frame, partially obscured by the rig's structure. The sea is visible in the lower portion of the image.

*Gas production in Azerbaijan;  
Current trends of Azeri  
Underground Gas Storages.*

# *Gas Production in Azerbaijan*

- Proven natural gas reserves are estimated to 2.55 trln. cub.m
- Current production level – 27 bcm per year with the forecasted increase up to 30 bcm in 2012 and 55 bcm in 2020
- Shah Deniz field is estimated to 1.2 trln. cm
  - Phase 1 (started in 2007) around 9 bcm
  - Phase 2 (start-up 2017) around 20 bcm
- Azeri-Chirag-Guneshli (ACG) – annual production 10 bcm

# *Natural Gas Export*

- Georgia – about 1.5 bcm of natural gas to be supplied this year
- Turkey – from 9 bcm produced by Shah Deniz 6.6 bcm of natural gas is due to export to Turkey through Baku-Tbilisi-Erzurum
- Greece – via Turkey – annually 0.8 bcm
- Russia – beginning from 2010 six-year contract, now exporting 3 bcm of gas annually
- Gas Swap with Iran – annual volume of about 0.4 bcm is delivered by SOCAR to the northern region of Iran in exchange for an equivalent volume supplied by Iranian side to Azerbaijan (Nakhchivan Autonomous Republic – landlocked exclave)

# *Underground Gas Storages*



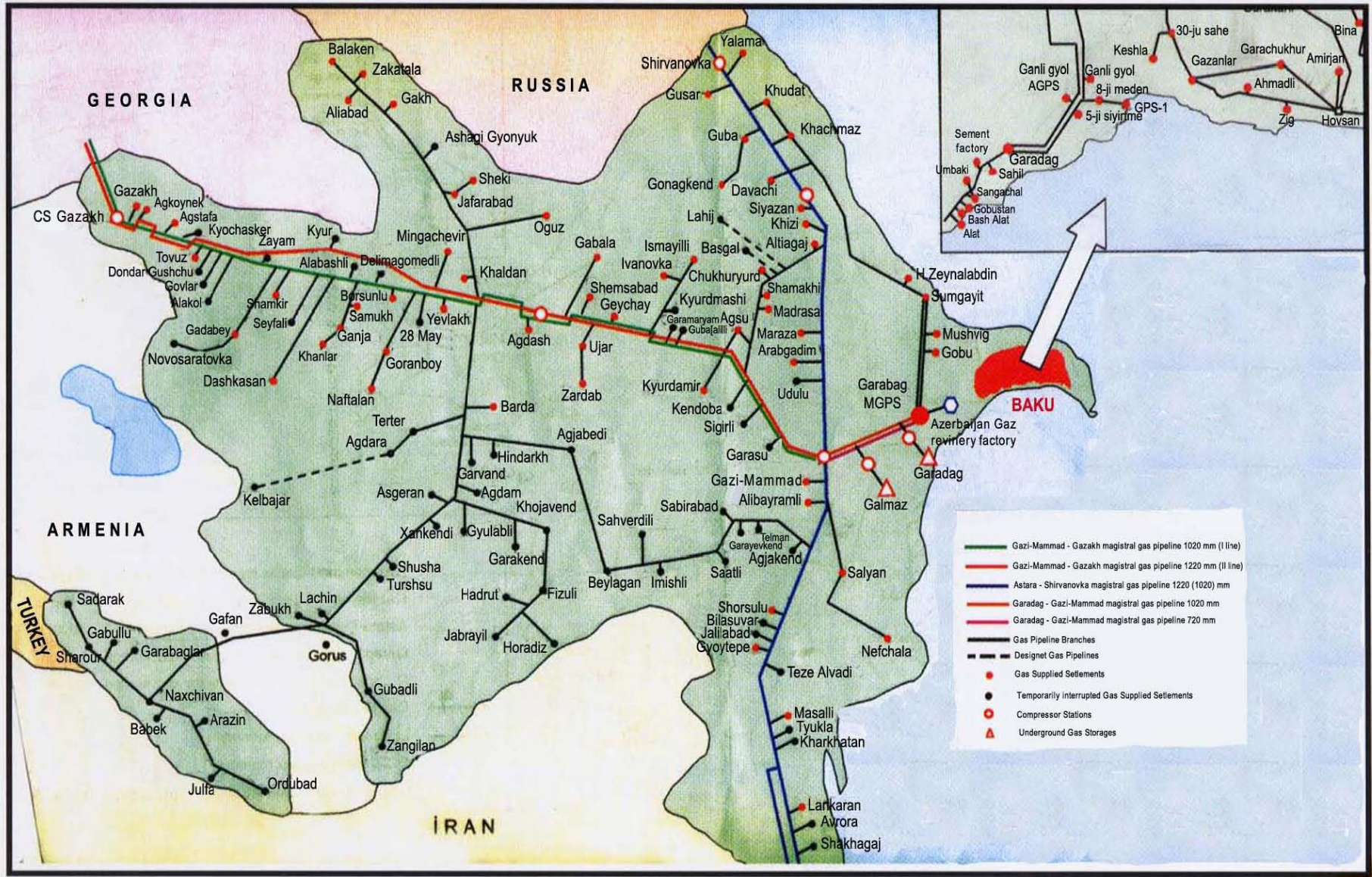
- Azerbaijan has two existing underground gas storage facilities (UGS), both located at Garadag and Galmaz, 20 and 75 km respectively to the south-west Baku.
- Gas is supplied from high pressure Gazi-Mammad-Baku pipeline by two branch lines: one is 18km long, 720mm going to Galmaz UGS, the other is 720mm that goes to Garadag UGS through Garadag Gas Processing Plant.
- Galmaz UGS started operation in 1976 and was the first UGS developed in the South Caucasus region. It is a sandstone reservoir with relatively dry gas, very little condensate content and no significant water content. Two blocks of the first and second productive horizons were converted into gas storage.

# *Underground Gas Storages*



- The Garadag UGS has also been developed in the depleted gas/condensate Garadag field, which comprises two reservoirs. The small one was converted into gas storage and started operation in 1986.
- Total design storage capacity is around 3.5 bcm: 1.5 at Galmaz and 2.0 at Garadag.
- In 2011 1.45 bcm of gas has been injected in Galmaz and 1.78 bcm to Garadag.
- SOCAR to build first liquefied gas storage with capacity of 150 mcm in Nakhchivan.
- 300 mcm underground gas storage is intended to be constructed in Nanotsminda oil and gas deposit in Georgia. Estimated cost amounts USD 150 mln.

# AZERBAIJAN - NATURAL GAS SYSTEM



**Thank you for your  
attention !**

