



Ministry of Energy of the Republic of Azerbaijan

**Azerbaijan's contribution to the development of gas
transportation infrastructure and diversification of supplies
to ensure regional energy security**



Baku - 2020

Early Years



Early Years

Azerbaijan's oil was repeatedly described in the works of medieval scholars and travelers as a big source of revenue. But at the time oil was only used as a household fuel and for medicinal and military purposes.

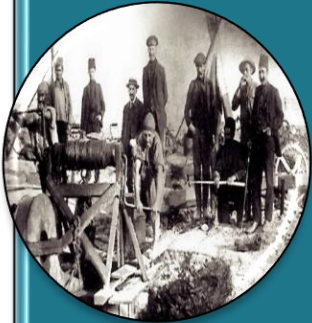


Yanar Dag – The Eternally Burning Mountain of Azerbaijan



- Situated on the Absheron Peninsula, 25 kilometers northeast of the capital city of Baku, Yanar Dag is a 116-meter hill located on top of a pocket of natural gas that constantly erupts into flames. These flames rise at least three meters into the air, through a porous layer of sandstone. Unlike the other mud volcanoes of Azerbaijan, Yanar Dag has no seepage of mud or liquid, so the fire always burns.
- A 10-meter long wall of fire continuously burns alongside the edge of the hill. This makes the most spectacular view, especially at night time. The air around this open fireplace is always thick with the smell of gas. The heavy Absheron wind, twisting the flames into bizarre shapes, adds to the mystery of the region. Tongues of fire also rise from the surface of the streams located around the hill. These streams are called Yanar Bulaq, or 'Burning Spring'.

History of oil and gas industry by stages



First stage

1847-1920



Second stage

1920-1949



Third stage

1949-1969



Fourth stage

From 1969



Fifth stage

From 1994

Worlds first mechanically drilled oil well



1847

A turning point in oil production was reached in the 19th century. In 1847 the first oil wells were drilled in Bibiheybat and then in Balakhany by means of modern technology.

Hand dug wells in Azerbaijan



Azerbaijan has been linked with oil for centuries, even for millennia. Medieval travelers to the region remarked on its abundant supply of oil, noting that this resource was an integral part of daily life there.

Early Oil Production in Azerbaijan



1900

In 1901 Azerbaijan produced 11.5 million tons of oil and was the world's leading oil producer (the United States produced 9.1 million tons of oil that year). In 1941 Azerbaijan produced 23.5 million tons of oil, which amounted to 71.4% of the Soviet Union's production. This production guaranteed the victory of the Soviet Union in World War II and made oil an extremely important factor in the national economy.

- By the 19th century, Azerbaijan was by far the frontrunner in the world's oil and gas industry. In 1846 - more than a decade before the Americans made their famous discovery of oil in Pennsylvania - Azerbaijan drilled its first oil well in Bibiheybat. By the beginning of the 20th century, Azerbaijan was producing more than half of the world's oil supply.

Oil Rocks field



- ▶ In 1948 first overseas exploration well drilled.
- ▶ In 1949 first well made a discovery – 100 tons of oil.
- ▶ In 1950 first production started.

20th September 1994. Signing of the “Contract of the Century”



The President Heydar Aliyev with international government representatives and top business managers in September 1994 at the signing of the "Contract of the Century" (Azeri-Chirag-Gunashli).

The First Caspian Oil and Gas Exhibition had taken place a few months earlier



The country turning from importer into net exporter project «Shah Deniz»

Azerbaijan continued to increase in weight in the global market providing energy security and is in the center of attention in the international arena in terms of effective utilization of its natural gas reserves. Heydar Aliyev is a author of full payment of the demand for blue fuel in the country's gas recourses of Azerbaijan, at the same time the development of export potential, thus serving to the new contribution to the country's progress.

- After two years of signing “The Treaty of The Century” in 1996, signed contract with foreign companies on “Shah Deniz” gas field.
- In 1999 revealed giant gas-condensate field “Shah Deniz” and the first well in the field given operation in 2006.
- The first gas beam of the Shahdaniz field was in 13.03.2007.



Infrastructure for Export

1997-Baku-Novorossiysk

Length – 1347 km

Capacity- 6.1 mln.t/y

1999 Baku-Supsa

Length – 836 km

Capacity – 5.76 mln.t/y

2006 Baku-Tbilisi-Ceyhan

Length 1769 km

Capacity 50 mln.t/y



Oil and gas transport pipelines of the Azerbaijan



Diversification of the Transportation system

There are three oil and four gas pipelines in Azerbaijan operating on foreign markets

Oil pipelines:

- ❑ ***Baku-Novorossiysk oil pipeline*** which is the northern export route was started on October 25, 1997.
- ❑ ***Baku-Supsa oil pipeline*** which is western export route was put into operation on April 1999.
- ❑ Solemn opening ceremony of ***Baku-Tbilisi-Cheyhan oil pipeline*** named after Heydar Aliyev was held in Ceyhan on 3 July 2006.

Diversification of the Transportation system

Gas pipelines:

❑ *Baku-Tbilisi-Erzurum gas pipeline*

Natural gas extracted from “Shah Daniz” in the Azerbaijan sector of the Caspian Sea, was included in the system of Turkey gas pipeline via Baku-Tbilisi-Erzurum gas pipeline on March 13, 2007. Baku-Tbilisi-Erzurum gas pipeline delivers “natural gas” from “Shah Daniz” (one of the largest gas-condensate fields) to the Turkey and Europe.

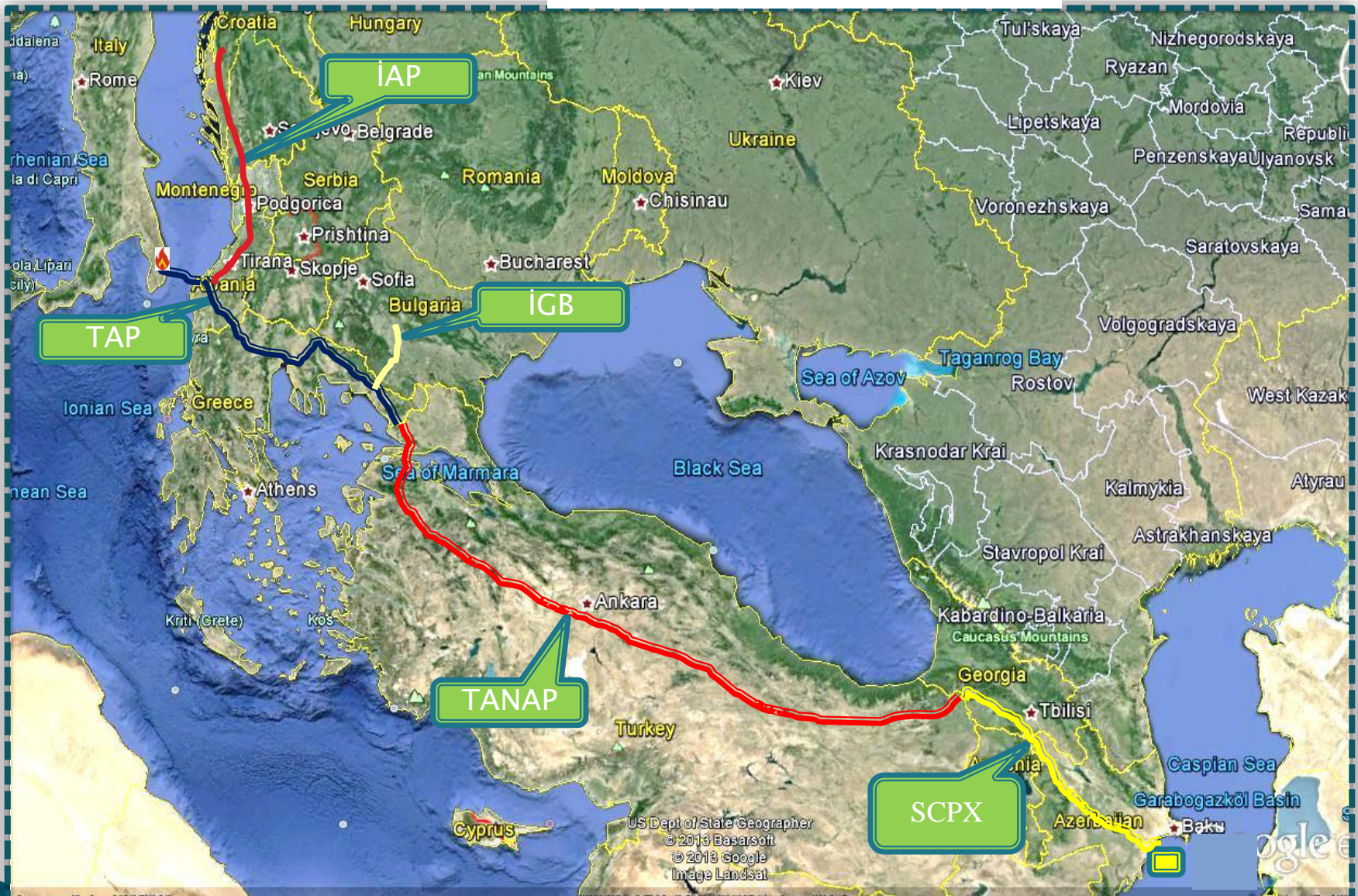
❑ *Gazimammad – Mozdok (Russian) gas pipeline*

Medium-term contract was signed between SOCAR and Gazprom about transportation of Azerbaijan gas to Russia in 2009.

❑ *Gazimammad – Astara (Iran) gas pipeline*

❑ *Gazimammad – Gazax gas pipeline*

Southern Gas Corridor



Yellow line - South Caucasus Pipeline Expansion (SCPX)

Red line - TANAP – Trans- Anatolian Pipeline

Yellow box - Shah Deniz Field

Dark blue line - TAP- Trans Adriatic Pipeline

Light yellow line - IGB – İnterconnector Greece-Bulgaria

Light green line - İAP –İon Adriatic Pipeline

THANK YOU FOR
ATTENTION

