

Bp

David K Woodward
Associate President BP Azerbaijan

Bp
Villa Petrolea
2 neftchilar Prospektu
Bailov, Baku
Azerbaijan

Phone: (99412) 97 9000
Fax: (90412)970907

Ref: DKW/rk/833

Natig Ailyev
President BOCAR

State Oil Company
of Azerbaijan Republic
73 neftchilar Prospektu
Baku,
Azerbaijan

Phone: (90412)932312
Fax: (99412)0304 92

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His Excellency Mr. Eduard Shevardnadze

President
Tbilisi
Georgia

Your Excellency,

It is with deep appreciation that the BTC Board were able to meet with you during their fourth board meeting in Tbilisi. Your personal support evident during the meeting and the subsequent special Council of Ministers session on BTC demonstrated the commitment to maintaining the schedule of this strategic project for Georgia, Azerbaijan and Turkey and was a tribute to Georgia's determination to achieve success.

One of the most critical items that we discussed during our private meeting was the urgency of obtaining approval of the ESIA before the end of November. Without this timely approval we cannot move forward with the construction phase and we will halt work in Azerbaijan and the Lump Sum Turnkey Contract in Turkey. This will have an immediate knock on effect on the upstream investment and the Shah Deniz project and destroy the benefits detailed in the "Declaration of Intent" signed between BTC and GIOC on October 30th in your presence.

Both sides are working hard to ensure this date is not jeopardised. We are greatly encouraged that GIOC, working with BTC have agreed a work plan to achieve ESIA approval before the end of November. Specifically we note that the Minister of Environment will manage all the expert opinions so that a list of common issues with realistic solutions can be presented to the BTC project team by 12 November so that follow up meetings between the project and experts can be undertaken on 14 and 15 November. This will allow a review of the remaining issues between the Minister of Environment, GIOC and BTC Project Management on 18 November and enable a draft of the final ESIA with pragmatic conditions to be discussed on 22 November.

As we have discussed with yourself and GIOC the most appropriate focus of the next few weeks should be on the Borjomi region. We are confident that together we will address the protection of this section of the route such that risks of third party damage provide confidence that the integrity of pipeline can be maintained. We will also continue to work with your representatives to address hydrogeological studies and geohazard monitoring, particularly in the Kodiana Pass. Any ongoing work required on security, geohazards and hydrogeology should not impact the ESIA schedule but if necessary more properly allow these items to be noted as discrete studies in the approval.

Some of the newly arrived experts continue to question why we have not selected a route through Akhalkalaki. Routes through this district were discounted over two years ago for security reasons and we believe it may be necessary to inform experts who visit with you in the coming weeks that routes through this district are and will remain unacceptable.

Your efforts in moving this project forward and to achieve a practical ESIA approval before the end of November is greatly appreciated. GIOC has been working very hard and Gia Chanturia's dedication in personally attending the weekly 90 day look ahead meetings has also greatly contributed to the spirit of cooperation, mutual trust and overall progress. Mr President, your

continuing determination and leadership to drive this flagship project to Integrate our countries into the world community has been a cornerstone of this vital east-west corridor development.

Yours faithfully,

David Woodward
President BP Azerbaijan

Natig Aliyev
President SOCAR

cc: Mr. Ilham Aliyev
Mr. Ali Asadov