

BAHAR ENERGY OPERATING COMPANY
QUARTERLY REPORT

1st Quarter - 2020

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EXECUTIVE SUMMARY: *Reported by the President*

A summary of activities during Q1-2020 is provided as follows:

a) HSE:

- During Q1, there was one near-miss incident. On February 13, 2020, an employee had a near-miss incident while driving a company rented car to the workplace. No personal injury and only minor property damage to the vehicle was recorded.
- TRIR through Q1-2020 is zero. A total of 224 Permits to Work were issued, and 841 stop cards were submitted in the Quarter.
- No hydrocarbon releases occurred.

BEOC Board approved and released a BEOC **Corona Virus Plan**

- As preventive actions against coronavirus (COVID 19) infection spread, 25 special hand sanitizer dispensers were installed in BEOC premises.
- Workers' temperatures are being measured at the "Gum-Deniz" island Checkpoint, and the workers with high temperatures are sent to the medical clinic.
- To take necessary precautions for the prevention of potential employee infections from the coronavirus (COVID 19), the Representative Office of "Bahar Energy Operating Company Limited" in the Azerbaijan Republic sent all non-critical employees on paid unplanned vacation from March 29, 2020, till May 31, 2020.
- Due to "COVID-19," epidemical virus Construction crews were evacuated from DNQYM.2 in Bahar field, and works were suspended.

b) Production:

- Gum Deniz oil production in Q4 averaged 653 Bopd, down 4 Bopd (-1%) from Q4-2019. The first-quarter production was about 156 Bopd below budget. Oil production was down due to decreases in wells GD 38, and 466.
- Bahar gas production averaged 18.7 MMcfd, up about 0.3 MMcfd from Q4-2019. Production for Q1 was about 3.0 MMcfd below budget due to the delays in crane vessel support for the movement of workover rigs for gas workovers.

c) Workovers:

- In Gum Deniz, fourteen workovers were completed on both ESP optimization and the initiation of water injection. In the Quarter, 29 wells' workovers and service jobs were completed.
- In Bahar, Well BH 134 was unable to get to target depth due to collapse casing and was suspended, well BH167 was returned to production; and, activities continued on BH 169 and 144.
- Workover spending through Q1-2020 was \$495K versus a budget of \$1.65MM.

d) Construction:

- The refurbishment of GZU#3 continues. The installation of our 50-ton crane and 10x10 meter steel panels have progressed with excellent progress to date.
- Refurbishment work to enable workover was underway in Bahar on Platform B-48 for well BH 144.
- Five piles were driven and tie-back to the causeway near platform 166 208a and 209a areas to improve the GD causeway.
- Construction CAPEX spending through Q1 was \$81,000 and \$142,000 spent on production equipment and facilities.

e) Subsurface

- Geology and simulation models are prepared for GD-BX and FS and GD-NKP. The next models will be BH-BIX, BX, FS, and BH-NKP.
- Simulations are being prepared for the Gum Deniz waterflood pilot areas. Preliminary results indicate the potential to demonstrate waterflood performance in these discrete blocks. Operations and Construction teams have started pilot injection in Area "A" from GD PLTM 450 and in the central area in the horizon VIII from Platform 209a.

f) Budget:

- Total Capex spending through Q1, 2020, was \$0.732 million versus \$3.585 million budgeted.
- Total Opex spending through Q1, 2020, was \$6.696 million, versus \$7.107 million budgeted.

g) General Management

- BEOC continues to monitor the Corona Virus situation cautiously, and it is complying with all SOCAR and Ministry directives to ensure the safe workplace for all our employees and contractors.
- South Gum Deniz: Re-development of South Gum Deniz is moving forward with six wells equipped with ESPs and powered by onsite power generation. Rental power generation equipment is scheduled to be replaced with newly procured equipment in Q2 2020.

I - HEALTH, SAFETY & ENVIRONMENT: *Reported by Nuslet Safarov*

a) HSE statistics 1st Quarter – 2020

	LTI	Man Hours	TRIR	INCIDENTS (FA,LTI,NM, PD,RT)	PTW
1 st Quarter	0	381290	0	1	224
Total per year	0	381290	0	1	224

Legend:

- LTI: Lost Time Incident
- Man Hours: Total number of man-hours worked
- TRIR: Total Recordable Incident Rate (Number of Recordable Incidents and Occupational Illness X 200,000 / Employee Hours worked)
- Near Miss: Near Miss Incidents number
- PTW: Permit to work

b) High-Level Comments HSE for 1st Quarter – 2020:

Near-miss incident

- On 13.02.2020 at 15:20 BEOCL vice president Elshad Hasanov lost steering control and crashed to pipeline pole structure while driving company's rented vehicle Hyundai Sonata (plate number 90 PD 925) to the workplace (BEOCL Main office).
No any personal injury besides damaged of some left parts of vehicle (bumper, left side door and mirror).

c) HSE Activity

- HEALTH:

- As preventive actions against coronavirus (COVID 19) infection spread 25 special dispensers have been installed in BEOCL premises for hand sanitizer.
- HSE department has been taking preventive disinfecting actions starting from 07.03.2020 in the BEOC buildings against potential Corona Virus infection.
- The body temperature of the workers coming to the work places been measured by a remote temperature meter at the "Gum-Deniz" island Checkpoint, and the workers with high temperatures are sent to the medical facilities located in the residential area.
- Taking into account a need for additional actions to be undertaken within the framework of prophylactic steps to be carried out for prevention of the coronavirus (COVID 19) infection a decision has been made to send employees of the Representative Office of "Bahar Energy Operating Company Limited" in Azerbaijan Republic to paid unplanned vacation from March 29 2020 till April 29 2020.
- 254 BEOCL employees applied to First Aid Room with non-work related diseases during the reported period. All of them were rendered corresponding examination and treatment.
- 1681 times drivers passed through daily medical examination before work commencement.
- Treatment with insecticide, rodenticide and disinfectant of about 2550 m2 were provided at the worksites, workshops and administrative office buildings.

- SAFETY:

- General HSE induction was conducted for 25 newcomers;
- 66 Safety inspections of sites and work performance were carried out;
- 841 STOP cards were collected from BEOCL facilities/Workshops/Platforms. All issued Cards were registered, tracking is in progress;
- Monthly inspection of firefighting equipment was provided and reported. The firefighting the water pump was tested at the Oil Process and Transportation field;
- In accordance with Local regulation the Health and Safety knowledge evaluation of 20 BEOC technical and engineering employees were carried out;
- HSE Audit of BEOCL Permits to Work and associated certificates, verification, risk assessments, and other related documentation were monitored.

- ENVIRONMENT

- Environmental Statistics for 1st Quarter 2020

	Spills Number	Spill Volume	Comments
1 st Quarter	0	0	0
Total per year	0	0	0

Environmental incident:

- Waste segregation process was supervised by HSE division;
- BEOCL sewage water was disposed of through Hovsan Sewage treatment plant;

d) Training and other activities:

- According to BEOCL HSE Assurance Plan, the 3 Mustering drills were conducted at #136 offshore platform;
- As a part of HSE assurance plan 2020 Safety Standdown Meetings were conducted at the BEOCL worksites in the following themes:
 - "COVID 19 Work Health and Safety Induction," for 200 employees,
 - "General safety rules" for 85 employees
 - "Safety rules for marine transportation of workforce" for 75 employees,
 - "First aid for injured person" for 70 employees.
 - "Safe evacuation tactics" for 21 employees,
 - "Rig skidding operation" for 20 employees.
 - "Permit to Work procedure" for 3 employees.

The total number of participants was 474 workers.

II - PRODUCTION / OPERATIONS: *Reported by Dale McFadden*

a) Oil and Gas Production Statistics in Gum-Deniz & Bahar fields through 1st Quarter of 2020:

OIL and GAS Production 2020 Budget and Actual																		
Mar-20	Oil Shipped to sales Point Actual ton/day	One ton equal to barrel	Oil Shipped to sales Point Actual BOE	Oil Production Actual ton/day	Actual BOE for Oil	Oil Production Budget ton/day	Budget BOE for Oil (equal to barrel 7,4)	Gas Production Actual m3/day	Gas Production Actual scf/day	Gas Production BOE	Gas Delivery m3/day	Gas Delivery scf/day	Gas Delivery BOE	Gas Production Budget m3/day	Gas Production Budget scf/day	Budget BOE for Gas	Total Actual BOE	Total Budget BOE
January	93	7.41	686	94	693	109	807	503,369	17,776,476	2,963	493,553	17,429,824	2,905	580,000	20,482,700	3,685	3,656	4,491
February	85	7.47	634	86	644	109	807	520,695	18,388,344	3,065	510,541	18,029,755	3,005	616,000	21,754,040	3,913	3,709	4,720
March	86	7.47	640	86	645	110	814	563,562	19,902,192	3,317	552,572	19,514,080	3,252	617,000	21,789,355	3,920	3,962	4,734
Q1 Average	88	7.45	653	89	661	109	809	529,209	18,689,004	3,115	518,889	18,324,553	3,054	604,333	21,342,032	3,839	3,776	4,648
April																		
May																		
June																		
Q2 Average																		
July																		
August																		
September																		
Q3 Average																		
October																		
November																		
December																		
Q4 Average																		

b) Additional Works:

#	Works carried out by "Construction Department" based on "Operations Department" request	status
1	Line connection works by Construction Team from Oil and Gas Separation Unit#1 of Compressor Stations, Gas Collection, Processing and Delivery Unit to 2000m3 tanks farm at Oil Processing Unit	on going
2	Construction of "Closed Loop System" project stipulated to prevent pollution of environment through discharge of formation water from technological storage reservoirs located at Oil Processing Unit is ongoing by "ConstructionTeam"	on going
3	Relocation of injection gas distribution system and installation of measuring point at well#5 located at the GD470 area in Gum-Deniz field area by Construction Team	on going
4	In regard with removal of Gas Distribution Point at causeway connected PLT450 " installation works of 3 ea of 2.5" gas lift lines from causeway connect PLT009 to PLT450 in Gum-Deniz Field, has been started	on going
5	The replacement of an old 8" gaslift line with processed water line along the entrance road has been started	on going
6	Water injection project works within GD448 (canister), Gd520 wells at PLT209 in "Gum-Deniz" field by "Construction Team"	completed
7	Well # 461 on PLT-363 and well# 20 on PLT-20 were shut down due to having leakage on the underwater lines, - repair of mentioned lines by "Construction Department"	waiting for repair
8	Due to "COVID-19" epidemical virus disease "Construction Departmet's" crews were evacuated from PLT 48 and DNQYM.2 at Bahar field	

(Q1) 2020	
Name of Operation	Completed Operation
Hot light oil operation in wells	6
Fluid level survey	246 (16 wells)
Sulfanol treatment in wells	
Salinity measurements in wells	36
Soap stick application in gas wells	
Total sludge accumulated from 5000m3 Tanks area, Oil Pro-cessing, Gas Processing Fields	190m3

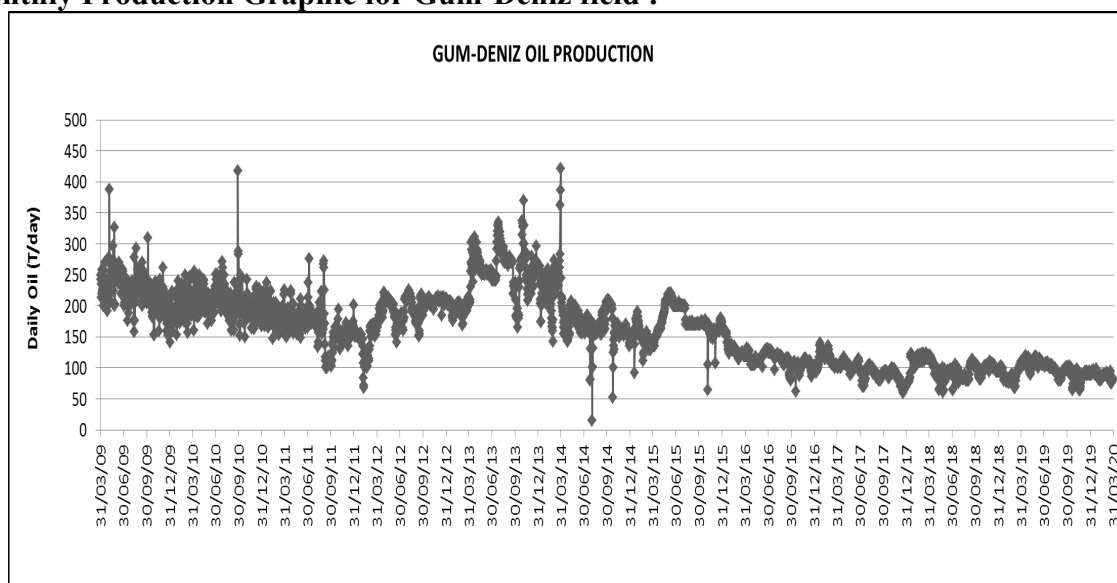
c) Comments: Oil Production at Gum-Deniz Field during the (Q1) 2020:

#	Gum-Deniz field
1	Quarterly average production rate at Gum-Deniz field was 89 ton/gun, 661 Bopd .
2	During the reporting period after WOs, following wells of Gum-Deniz field were recompleted : GD445; GD467; GD468; GD038; GD438,
3	Wos carrying out in the following wells: GD012; GD202; GD444; GD372

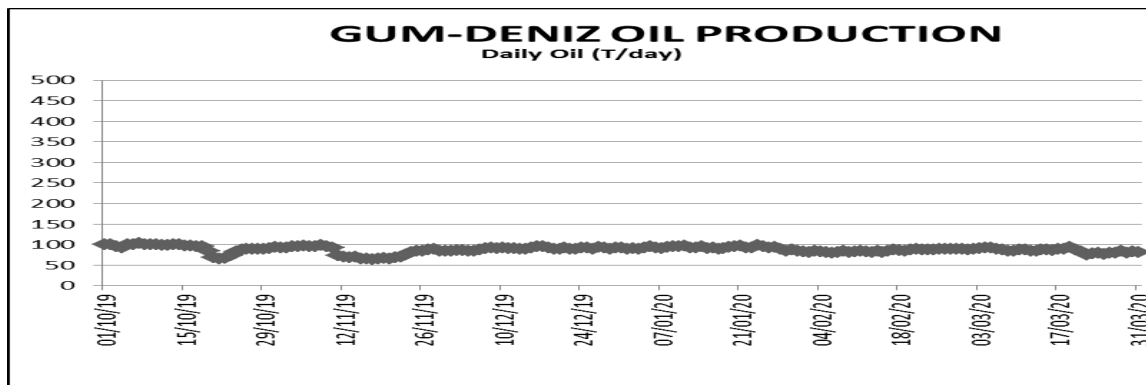
During the reporting period decrease in the production of the wells were observed in the following manner:

Oil Production Rate Differences Between (Q4) 2019 and (Q1) 2020																																			
Date / Well#	006	009	020	038	372	412	413	414	417	418	430	438	444	445	447	456	461	464	465	466	467	468	470	471	475	477	478	479	502	504	601	715	716	774	Total, m3
(Q4) 2019	2.0	2.1	1.8	4.3	19.0	3.7	4.0	6.4	5.4	5.1	2.5	0.2	1.3	0.5	4.0	0.0	3.1	0.9	4.0	4.0	2.1	2.0	2.3	5.9	6.8	3.7	3.2	7.0	0.1	1.9	2.1	8.5	2.5	1.2	123.41
(Q1) 2020	1.8	2.0	1.3	2.6	20.3	3.9	4.2	9.9	5.6	5.0	2.0	0.0	2.9	7.0	3.6	0.0	0.8	0.0	4.4	1.5	0.7	1.3	2.0	3.4	7.1	4.2	2.3	7.0	0.0	2.0	1.7	9.3	3.3	1.6	124.61
Difference																											1.20								

d) Monthly Production Graphic for Gum-Deniz field :



e) Oil Production for Last Six Months:



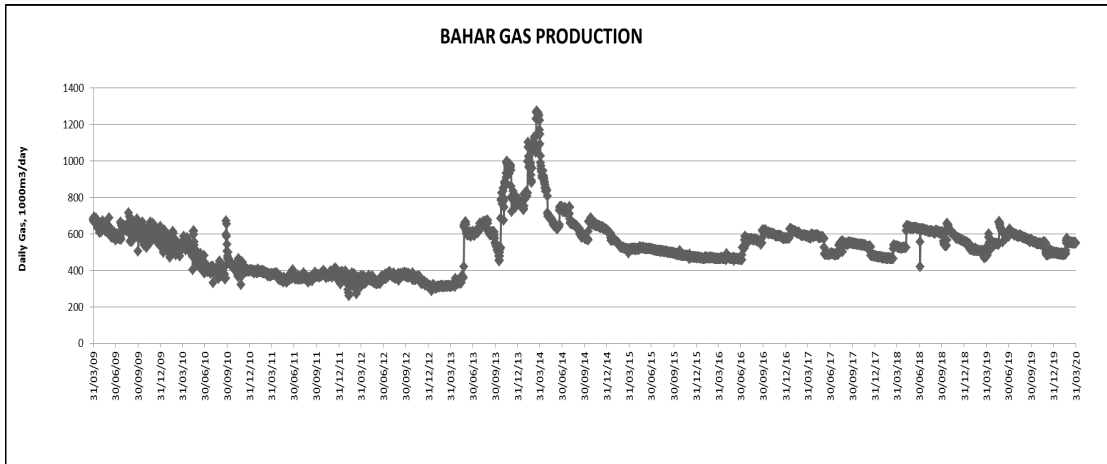
f) Comments: Gas Production at Bahar Field during the (Q1) 2020:

#	Bahar field
1	Quarterly average gas production rate at Bahar field was 518 889 m3/day, 18.32 MMcf . There is 1,58 MMcf decrease from (Q4) of 2019.
2	During the report covering period B167 well was recompleted.
3	WO s and Construction works are still ongoing in the following wells and PLTs : PLT48

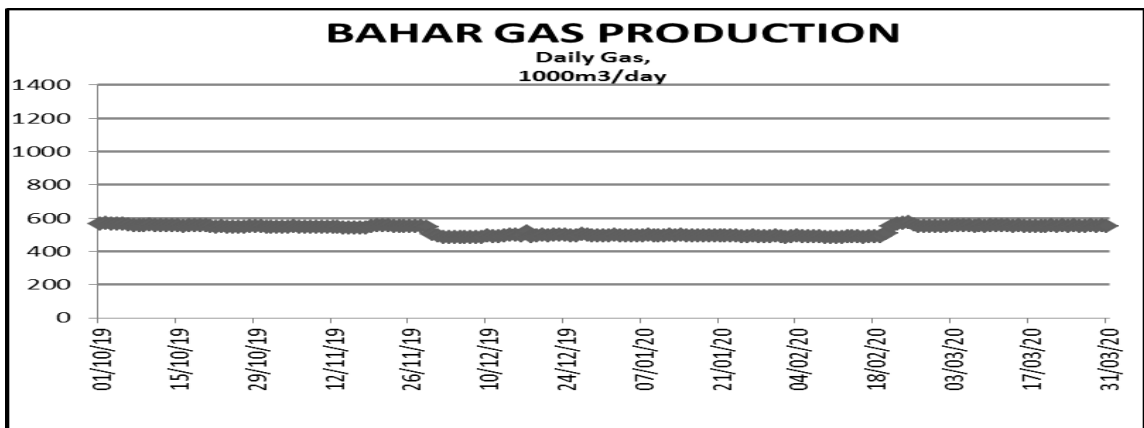
During the reporting period increase in the production of the wells were observed in the following manner:

GAS Production Rate Differences Between (Q4) 2019 and (Q1) 2020														
Date / Well #	083	140	144	167	170	171	173	175	179	182	205	241	TOTAL, m3	
(Q4) 2019	36000	54000	48000	0	108000	45000	0	78000	75000	4000	37000	54000	539,000	
(Q1) 2020	37000	52000	0	34000	127000	45000	0	78000	75000	0	27000	51000	526,000	
													Difference	-13,000

g) Monthly Production Graphic for Bahar field:



h) Gas Production for the Last Six Months:



i) Transportation Division:

Auto-Transportation Field Report								
Description	Number	Work hours	Moto hours	Repair Hours	Milage km	Amount of works carried out		
						Number of Vehicles/ hourly	Number of Vehicles/ monthly	Number of Vehicles/ daily
TRF	237							
Pulling Units serving for WO	9	2314.5	2314.5	290				
Stationary Type Pump (V-12)	1	51.5	51.5	2				
Drawwork (QBQ-120)	2	1010	1010	7				
Mobile Boiler Truck (Consisting of two parts)	1	17.5	17.5	9				
Cement Trucks serving all BEOC Departments	11	2004	521	333	107			
Water Tank Trucks of Autotransportation Workshop	3	1440	144	81	9312			
Other vehicles of Autotransportation field	7	1288.7	264.8	104	2344			
Number of Trucks put back into service after a long term repair works								
Rented Heavy/ Civil Plant trucks						45/474	8/months	31/43
Rented Light vehicles							21/months	

Logistic Report for Lifting Operations			
01.01.-31.03.2020			
Months	Orders	Weight (kg)	Hours
Total	Total: 237	Total: 2395000	Total: 566

MARINE TRANSPORTATION REPORT								
NAMEs of VESSELS	DAYS	PASSENGER NO		TONNAGE	INCIDENT	REPAIR	SAILING	CANCELLATION
		OUTBOUND	INBOUND					
ULLUCHAY	35 days			1 825,853 kg	NO		TOTAL-87	TOTAL-45
MAGIC-1	40 days	1188	1242		NO			
SHIXLINSKIY	2 days			264,000 kg	NO			
IRGIZ	1 days			136,784 litr diesel fuel and 24,000 kg water	NO			
KHAZAR-3	6 days			711,000 kg water	NO			
SLV-363	4 days			273,568 litr diesel fuel	NO			

Works carried out by Vessel Crane named after "Shikhlinski"
During the report period "Shikhlinski" vessel crane took 28 m derrick off the PLT 412 Gum Deniz field and 4 ea pannel off PLT 83/162 Bahar field and offloaded it onto well 144 PLT 48. Carried out 8x10 pannel offloading works on 70/106 PLT Bahar field.

j) Electrical Division:

POWER/ELECTRICITY COST by QUARTER 2020					
ACTIVE ENERGY	(Q1)	(Q2)	(Q3)	(Q4)	TOTAL
LOCATION					
GumDeniz - Field	2,447,600				2,447,600
Compressor station # 14	460,400				460,400
Compressor station # 1	820,000				820,000
Compressor station # 2	1,498,000				1,498,000
Automation	21,472				21,472
Electric workshop	24,980				24,980
Oil Process	230,560				230,560
5000 area	462,000				462,000
Gas Process	28,093				28,093
Workover	141,412				141,412
Offices	240,660				240,660
Transportation	129,632				129,632
Laboratory	67,375				67,375
Construction	37,995				37,995
Water supply	442				442
TOTAL kWatt	6,610,621	0	0	0	6,610,621
TOTAL - AZN	504,200	0	0	0	504,200
COST AZN/kwatt					
0.076271187					
REACTIVE ENERGY kVAR	3,377,844				3,377,844

k) Workover Division:*General Highlights for 1st Quarter:***Summary WO's Bahar Q1:**

- B134 Due to active casing collapse at 2791 m decision been made to stop the operation and release the SDT crew and equipment.
- B167 Successfully Re-completed the well at Hor. VI. Perforated intervals are 3733 - 3730m.
- Carrying out Fishing / Re-completion works at B169 and B144. (temporary suspended)

Summary WO's Gum Deniz Q1:

- G415 Due to high DLS couldn't pass down from 3771m. Well operation deferred.
 - Successfully completed WO's based on Water Injection Project at PL 209a Well's G445, G438, G520, G448.
 - Successfully completed well services at ESP optimization wells at G468, G467, G454.
- Executing Re-completion program for G012, G444. Well service at G0372.

Quarterly Workover Statistics:

Month	Total WO OPEX completed	Total WO CAPEX completed
January	11	6
February	10	6
March	8	2
Total	29	14

III – CONSTRUCTION: *Reported by Zaur Najafzade***a) Report by Budget Line Item**

- **C1.1 – BH Plt 9 WO UpGrades (B-129)**
 - Prepared initial work plan and a final list of required materials for the start of construction works based on Company Budget for 2020.
Budget amount \$ 1,420,000
Spend to Date \$ 0
Q1/2020 \$ 0
- **C1.2 – BH Plt 136 WO UpGrade (B-135, B-137)**
 - The upgrade of the B-137 started in January 2020, well bay area and repair of the substructure piles. Project delayed in February 2020 based on the decision of the BEOCL top Management.
 - Fabrication of the access stairs for new installed boat landing on the west side of the accommodation unit ongoing.
Budget amount \$ 150,000
Spend to Date \$ 0
Q1/2020 \$ 0

- **C1.3 –BH Plt 168 WO Upgrade (B-172, B-169, B-167)**
 - Upgrade of the B-167, B-169 and B-172 well bay areas has been completed.
 - Upgrade of the B-165 well bay area in progress
 - Budget amount \$ 35,000
 - Spend to Date \$ 46,681
 - Q1/2020 \$46,681

- **C1.4 – GD causeway piling works**
 - 5 number of the new piles hammered on causeway section between the GD Plt's 166 and 208a, and Plt's 208a and 209a areas.
 - Connection of previously hammered piles to the existing system and upgrade of secondary steels in progress. Repair of the causeway deck section between the the GD Plt's 232 and 16 has been completed.
 - Budget amount \$ 500,000
 - Spend to Date \$ 12,730
 - Q1/2020 \$ 12,730

- **C1.5 – GD Plt 250 Upgrade (GD 392/250/521)**
 - Project hasn't started*
 - Budget amount \$ 150,000
 - Spend to Date \$ 0
 - Q1/2020 \$ 0

- **C1.6 – CS 2 fluid cooling system renovation**
 - Project research has started
 - Budget amount \$ 400,000
 - Spend to Date \$ 0
 - Q1/2020 \$ 0

- **C1.7 – CS 2 gas separator system renovation**
 - Project research has started
 - Budget amount \$ 412,500
 - Spend to Date \$ 0
 - Q1/2020 \$ 0

- **C1.8 – New 16" line (800m) from GNAS 1 to CS 2**
 - Project hasn't started.
 - Budget amount \$ 360,000
 - Spend to Date \$ 0
 - Q1/2020 \$ 0

- **C1.9 – GD Plt 209 Upgarde of separator system deck area**
 - Raised material request to procure construction materials
 - Budget amount \$ 400,000
 - Spend to Date \$ 0
 - Q1/2020 \$ 0

- **C1.10 – GNAS 2 Upgrade of separation system**
 - Project research has started
 - Budget amount \$ 350,000

Spend to Date \$ 0
Q1/2020 \$ 0

- **C1.11 – Replacing of GD PLT 9 substation # 13 (PQ-13)**

- Under preparation process.
Budget amount \$ 280,000
Spend to Date \$ 0
Q1/2020 \$ 0

- **C1.12 – Undersea pipeline (2km) for Water Disposal Project**

- Project hasn't started
Budget amount \$ 175,000
Spend to Date \$ 0
Q1/2020 \$ 0

- **C1.13 - Construction of alternative Bahar Gas Transfer Line**

- Project hasn't started
Budget amount \$ 320,000
Spend to Date \$ 0
Q1/2020 \$ 0

* To prevent the threat of the spread of COVID-19 pandemic, given the instructions and recommendations of the relevant Government Agencies and Company order all major repair and construction works and projects, with the possible support of day-to-day operations, are temporarily stopped on the BH platforms.

b) Additional Works

- GZU-3 platform upgrade works - Strengthening of the platform crossing bridge and repair of the south side deck section ongoing. Works are being done to cut down the elements of useless steel structures. Preparation to installation of the second boat landing on the north - east side of the platform ongoing. Fabrication of the 2 new 10x10 meter steel panel on the south side of the platform has been completed. Two 8x10 meter size steel panels have been installed on the west side of the working area. Fabrication of the GZU-3 new collector spools in the island construction fabrication shop ongoing. Construction works in progress. From 26.03.2020, the construction works on the platform was temporarily stopped.
- Construction and installation of the GD Plt 209a high pressure injection system has been completed.
- BH Plt 48 B-144 WO upgrade – Construction support works during B-144 WO operations have been completed. Installation of the safely access way around the working areas in progress. Repair of the accommodation platform pile has been completed. Start repair of the platform boat landing. From 31.03.2020, the construction works on the platform were temporarily stopped.
- Assembly (fabrication and welding works) of shelves in the main hangar # 1.
- Repair of the machine#2, 3, 4, 7 & #9 concrete base's in the CS#14
- Upgrade of pipe lines for machine No.2, 4 & 9 in the CS# 14 has been completed.
- Preparation of farms for installation of roofing in block "C" of the administrative building has been completed.
- Upgrade of the tank#3 pipe connection systems on the 2000m3 tank farm area has been completed.

- Laying of the 6" line pipes for connecting Tank 6th to drainage system in the tank farm area has been completed.
- Installation of the safety valve on the 2,5" line in the CS#1.
- Repair of the leakage machine's # 6th cooling system on the CS# 1has been completed.
- Construction support works for GD W12 WO preparation.
- Upgrade of the W-468 gas manifold line on the GD Plt 209a.
- Upgrade of the GD PLT450 and 209a substructure.
- Construction support works for installation and fixation of 400 kW pump engine in 5000TFarea.
- Repair of the leakage on the Gd Plt 209a 4" gas lift line.
- Repair of the leakage on the 4" production line between the GD Plt's 9 and 2.
- Installation of the cable grooves on the GD causeway

c) Safety

- During the Quarter 1 2020, ten construction safety seminars were held on the following topics:
 - “Safety measures during transportation and evacuation of the working personal”
on 08.01.2020
 - “Safety measures during transportation and downloading of the long size goods”
on 15.01.2020
 - “Safety measures during installation and repair of pumps and electric motors at gas compressor stations ” -
on 22.01.2020
 - “Application of the fire safety rules” -
on 29.01.2020
 - “Organization of safety trainings for working personal ”
on 05.02.2020 and 19.02.2020
 - “Safety Requirements for Gas Cylinders” -
on 12.02.2020
 - “ Safety requirements during loading and unloading operations” -
on 26.02.2020
 - "Duties of the master in labor protection during repair and construction works on oil rigs" -
on 04.03.2020
 - "Arc welding control and safety requirements" -
on 11.03.2020

Photographs

GZU-3 Platform upgrade works





IV – SUBSURFACE: *Reported Ray Larijani*

- Workover Programs prepared

Well	Job Category	Prepared Work Program Target	Start Date	Final Date	Actual Cost		
					Jan-20	Feb-20	Mar-20
B-167	Fishing / Recompletion	Perforate VI horizon 3733-3730m interval.	9-Oct-2019	21-Feb-2020	\$151.00	\$184.00	
B-134	Fishing / Recompletion		19-Nov-2020	31-Jan-2020	\$320.00		
GD-445	Recompletion / Water Flood Injection Project		23-Dec-2019	6-Jan-2020	\$93.00		
B-169	Recompletion	Clean down to 4510m. Fishing of damaged tubing strings out of the well. QR/NGL/CCL(4510-2600m) logging.	22-Feb-2020	WO Postponed		\$10.00	\$12.00
B-144	Recompletion	Replace tubing string with new one	22-Feb-2020	WO Postponed		\$10.00	\$47.00
GD-464	Recompletion	Clean till 2828. Logging INNK from 2828m to 2350m.	18-Feb-2020	WO Postponed		\$13.00	\$15.00
GD-012	Recompletion	Pull out the old tubing. If there is a sand plug, clean the sand plug down @3457m. GR/NGL(3457-3150m) logging.	3-Feb-2020	WO Postponed		\$49.00	\$72.00
GD-415	Recompletion / Optimization		23-Dec-2019	31-Jan-2020	\$93.00		
GD-476	Water Flood Injection Project		29-Dec-2019	9-Jan-2020	\$40.00		
GD-038	Well Service		31-Dec-2019	8-Jan-2020	\$48.00		
GD-468	Well Service	Replace ESP with 2 7/8" tubing with gaslift valves.	20-Jan-2020	14-Feb-2020	\$11.00	\$13.50	
GD-467	Well Service	Replace ESP with 2 7/8" tubing with gaslift valves.	9-Jan-2020	18-Feb-2020	\$15.00	\$21.00	
GD-520	Water Flood Injection Project	RIH scraper and clean down to 2360m, set BP at 2360 m and set cement plug. RIH tubing 2317m.	17-Jan-2020	29-Jan-2020	\$93.00		
GD-438	Recompletion / Water Flood Injection Project	POOH production string, if there is a sand plug clean till TD. RIH 2.5" tubing - 1700m with GLVs according to approved scheme (1 st Work Program). Adding 500 m production string to inner production string (2 nd Work Program). 300 m reduction in the tubing string (3 rd Work Program).	10-Jan-2020	16-Jan-2020	\$19.00		
GD-454	ESP Replace		27-Jan-2020	29-Jan-2020	\$4.00		
GD-454	Equipment Recover (ESP)		20-Mar-2020	21-Mar-2020			\$2.00
GD-476	Water Flood Injection Project	Water Flood Injection Project	1-Feb-2020	12-Feb-2020		\$43.60	
GD-448	Water Flood Injection Project / Canister Well	Clean down till 1000m. Preparing well as a canister well for water injection.	7-Feb-2020	17-Feb-2020		\$19.50	
GD-474	Equipment Recover	POOH the tubing string for use in other wells.	16-Feb-2020	17-Feb-2020		\$3.50	
GD-438	Well Service	Set BP at 2360. Set mapset packer at 2325m. RIH production string with gas lift valves.	12-Mar-2020	23-Mar-2020			\$17.00
GD-372	ESP Replace	POOH ESP, check TD. If there is a sand plug clean. Inspect the condition of the pump and run 2350m 2 7/8" tubing(new) with ESP according to compiled and approved scheme.	21-Mar-2020	Ongoing			\$7.50
GD-444	Well Service	POOH production string with GLVs. Clean sand plug till TD. RIH 1760 m 2 7/8" tubing with gaslift valves according to compiled and approved scheme.	27-Mar-2020	Ongoing			
GD-449	Recompletion	Squeeze 2135-2140m and clean to maximum depth. Run INNK from 1980m to TD.					
TOTAL					\$887.00	367.1	172.5

Note* Actual cost is taken from WO monthly reports.

- Wells completed

- GD-134 Fishing/Recompletion. Due to active casing collapse at 2791 m made a decision to stop the operation and release the SDT crew and equipment.
- B-167 Fishing/Recompletion. Perforated horizon VII 3917-3914m, 3910-3905m, 3850-3848m, 3847-3845m, and 3842-3840 m and horizon VI 3730-3730m (2 times). Well flows with 70 Mm³/d gas.
- GD-038 Well Service. Pulled ESP. Well bore cleaned down to 2958m. RIH w/GLV Production string. Well produces with 3 ton/d oil and 155 ton/d water rate.
- GD-415 Recompletion/Optimization. Unsuccessful due to casing damage at 3771 m.
- GD-438 Well service. Bridge plug set at 2365m. Outer String RIH and Packer set at 2322m. Inner string 1042 m RIH. No flow. POOH production strings. RIH w/GLV Production string. Well is under monitoring. Current production is 45 ton/d water.
- GD-445 Recompletion/Water Injection Project. Perforated horizon VIII upper 2329 – 2347m intervals. Production string w/GLV landed at 2202m. Well produces with 5 ton/d oil and 1.5 ton/d water rate.
- GD-454 Well service. High volume ESP replaced with low volume ESP. Equipment recovery (ESP).
- GD-467 Well Service. Replaced ESP to PS with GLV..
- GD-468 Well Service. Replaced ESP to PS with GLV. Well flows with 1 m³/d oil, 40 m³/d water.
- GD-476 Water Injection Project. Performed acid job at horizon IX.
- GD-520 Water Flood Injection Project. RIH injection string. Packer set at 2323.35m. Injection started.
- B-144 Recompletion. TD checked at 4353m, detected hole at 4080m. WO postponed. Expected gas rate is 70 Mm³/d from horizon X.
- B-169 Recompletion. Pulled old production string. WO postponed. Expected risked gas rate is 40 Mm³/d from horizon X.
- GD-448 Water Injection Project canister well. Started injection.
- GD-464 Recompletion. Clean wellbore to TD 2828m. Squeezed cement at 1984 – 1992m. WO postponed.
- GD-474 Equipment recovery. Pulled and recovered PS and 7 GLV from 1899.70m.
- GD-012 Recompletion. Cleaned the well bore and performed INNK up to 3140m. Perforated 3404-3420m intervals at horizon PK as per INNK result. Expected oil rate is 2.5 ton/d from horizon PK. Well is under monitoring.
- GD-372 Well service. ESP stopped because of broken drive shaft. WO is ongoing.
- GD-444 Well service. Ongoing.

a) Cased-hole logging

Interpreted logs from GGI:

- GD-012 INNK (Cost 14,250.68USD)-Identified potential remaining hydrocarbon zones.

b) Geology

- Bahar FS-BX-BIX Geomodeling is ongoing.
- GD horizon VIII geological model and production data prepared

c) Reservoir Engineering:

- Prepared B-144 WID document.
- Prepared B-167 WID document.
- GD VIII horizon central area simulation model built, run simulation and started history matching process.
- Bahar and GumDeniz WO candidate review and reserve estimation.
- WO Success file updated.
- Monthly Reports for SOCAR (Production, Delivery, Used, Production and Delivery Indicators, Well Fund).
- Updated Bahar and GD OFGM database.
- Updated Daily Production follow up file and Bahar general database.

d) Seismic

- GD BX horizon fault analysis, mapping and attribute calculation near P22 based on pstm seismic data completed.
- Bahar seismic horizon BVI interpretation is ongoing.
- BVIII-BIX-BX fault system review in the central part of production area based on the updated well data is ongoing.

e) Task Schedule

No.	Tasks started	Start date	Provisional completion date	Completion date
	GD Field			
1	GD horizon VIII history matching	25 February 2020	30 April 2020	
2	BVIII-BIX-BX fault system review in the central part of production area based on the updated well data	1 March 2020	28 April 2020	
3	GD NKP Simulation and Forecast	30 June 2020	31 December 2020	
	Bahar Field			
1	Bahar FS-BX-BIX Geomodeling, Simulation & WO Candidates Forecast	12 May 2019	30 June 2020	
2	Bahar seismic horizon BVI interpretation	3 March 2020	20 April 2020	
	Completed			
1	GD BX horizon fault analysis, mapping and attribute calculation near P22 based on pstm seismic data	7 January 2020		25 January 2020
2	GD PK horizon detailed fault interpretation near island area using old pstm seismic data	15 December 2019		16 January 2020
3	GD BIX-BXup (NW) sector simulation (Waterflooding Prediction)	16 December 2019		20 December 2019
4	GD horizon FS-BX-BIX geological model and production data prepared	10 February 2020		24 February 2020
5	GD and Bahar Field WO candidates wells reserve estimation.	5 March 2020		28 March 2020

V - FINANCE: *Reported by Rasul Gafarov*

a) On a Monthly Base:

- Completed Dec-19 – Feb-20 accounting cycles in accordance with the monthly schedule.
- According to JOA issued Dec-19 – Feb-20 Monthly reports to Contractor Parties.
- According to JOA Jan-20 – Apr-20 Cash Calls were distributed to Contractor Parties.
- Issued Dec-19 – Feb-20 Additional Monthly reports to Contractor Parties shown below.
- Issued and distributed Dec-19 – Feb-20 Monthly departmental cost reports to Budget Holders / Department Managers.
- Issued and submitted Dec-19 – Feb-20 monthly reports to government bodies.
Prepared and submitted monthly Dec-19 – Feb-20 Financial Highlights report to the Management.

b) On a Quarterly Base:

- Issued 4Q-19 Additional quarterly reports to Contractor Parties.
- Prepared and submitted 4Q-19 quarterly Financial reports required for GPI.

c) On an Annual Base:

- 2019-ci ilə aid aşağıda qeyd olunan hesabatlar və fəaliyyətin audit yoxlamasının davamı;
- BEL Qrup Audit;
- BEOC Məsrəflərin əvəzlənməsi Audit;
- BEOC Xüsusi Məqsədli Maliyyə Audit;
- BEL Mənfəət Vergisi hesabatı;
- A summary of Production, Revenue, Opex and Capex standing related up to 1Q-2020 is shown in the table below:

Bahar Energy Operating Company Limited
Production & Costs Analysis (Actual versus Budgeted)
as of the end of Q1 2020 (01-Jan-20 - 31-Mar-20)

Production	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Production, boe	283,551	324,226	(40,675)	87%
Crude Oil Production, bbl	60,005	74,340	(14,335)	81%
Petroleum Production, boe	343,556	398,566	(55,010)	86%

USD '000

Revenue	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Sales	4,487	5,233	(746)	86%
Crude Oil Sales	1,952	4,275	(2,322)	46%
Petroleum Sales	6,440	9,508	(3,068)	68%

Costs	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Capital Costs (CAPEX)	732	3,585	(2,852)	20%
Operating Costs (OPEX) Net of Recoveries by Third Parties	6,696	7,107	(411)	94%
Non-Recoverable Costs (Non-Rec)	0	12	(11)	1%
Total Costs	7,429	10,703	(3,275)	69%

Capital Costs:				
Construction	81	1,145	(1,064)	7%
Production Equipment and Facilities	142	708	(566)	20%
CAPEX Other	-	22	(22)	0%
Workover	495	1,652	(1,157)	30%
Seismic and G&G	14	58	(43)	25%
Capital Costs	732	3,585	(2,852)	82%

Operating Costs:				
Personnel Costs	3,552	3,460	92	103%
Insurance Cost	213	212	1	100%
Electricity, Water, Sewage, Gas Usage	300	444	(144)	68%
Fuel	17	40	(23)	43%
SOCAR and State Services	170	164	6	103%
Rental of Transportation and Other Equipment	1,341	1,321	20	102%
Repair and Maintenance - Wells	402	412	(10)	98%
Repair and Maintenance - Facilities	552	641	(90)	86%
Materials and Spare Parts - Other	18	72	(54)	25%
Third Party Services	57	111	(54)	51%
General and Administrative Expenses	62	112	(50)	55%
Services Provided by Shareholders	13	119	(105)	11%
Operating Costs	6,696	7,107	(411)	94%
Recoveries from Third Parties	-	-	-	0%
Operating Costs Net of Recoveries	6,696	7,107	(411)	94%

Recoverable Costs Net of Recoveries	7,428	10,692	(3,263)	69%
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Non-Recoverable Costs:				
Non-Recoverable - Training	0	12	(11)	1%
Non-Recoverable Costs	0	12	(11)	1%

Both actual and presented budget revenue figures are gross amounts and include compensatory petroleum.

VI – LEGAL AND HR PROCESS: *Reported by Ahmadiyya Musayev*

- LEGAL AND COMPLIANCE

a) Contracts

- Contractual review work continued working on and attending negotiations related to various purchase, service and other commercial contracts, as well as advising on different contractual issues, including drafting and reviewing memorandums, termination notices, addendums, protocols, and working on contractual issues related to governing agreements. Consent letter was sent to SOCAR Investments Department regarding disclosure of PSA

b) Government relations

- Meeting was held and letters exchanged with Water Police Department over the theft of cable.

c) Corporate issues

- Board Resolutions were drafted to address outstanding liabilities to certain vendors.

d) Expat employee documentation

- Work on applying for and obtaining residency/work permits and registration with the State Migration Service continued applying a new SOCAR approved system of application for work & temporary residency permits. All the ex-pat employees of the Representative Office possessed the required documents and registrations were done timely as stipulated by law.

e) Other Legal Issues/ Document control and Translation/Interpretation Support

- Disciplinary proceeding related materials were reviewed and final documents prepared; Claim letters from vendors related with delayed payment for goods/services were addressed. Legal counseling was provided with respect to different areas of law, including on the subject of employment law related issues, as well as in relation to miscellaneous issues arising from PSA. Various delegation of authorities orders and documents were drafted and formalized including delegations from President, routine company orders were reviewed, special orders were drafted. Responses were prepared to different letters that require legal input, including to SOCAR, necessary legal support was provided to various company departments and external audit firms. Cooperation also continued within Houston office on wide range of areas, including investment, and JAFZA related issues Document control covering both internal and external correspondence (and archive work) and translation (both written and verbal) functions were managed.

Document control covering both internal and external correspondence (and archive work) and **translation** (both written and verbal) functions were managed.

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f) Compliance issues

- Certain vendors were checked via Risk Database and relevant supporting documents and information was provided to BEOC Board for consideration.

- HUMAN RESOURCES

a) Personnel Administration & Compensation

- ✓ Staff employees:

- ✓ Total employees number to December 30, 2019: 784, including:
 - Main Office employees- 23
 - Non- Main Office employees - 761
 - Expatriates- 4
- ✓ New hire: 4
- ✓ Terminated: 18 (8 due to expiration of term, 9 resignation, 1 passed away)
- Absenteeism:*
 - ✓ Sick leaves- 118
 - ✓ Unknown reason- 1

b) Development area

- Conducting KPI training for the managerial staff of BEOCL;
- Preparing statutory training schedule till the end of 2019.
- Performance Appraisal Policy and Performance Appraisal Form was updated;

c) HR Operations

- Overall 933 HR related operations have been made through this Quarter;
- 450 vacations and 104 bulletins have been written and entered to the HRB system;
- SOCAR and SOCAR Upstream were provided with headcount report;
- Annual expat employee forecast was submitted to SOCAR;
- Employee complaints and related SOCAR and Labor Inspectorate letters were responded;
- Review of employee personal files continued, JDs and other documents were updated and filed;
- Heads of departments were provided with daily attendance reports after analysis of data;
- 6 orders issued on departmental structure changes;
- 6 correspondence was sent to third parties;
- Statutory trainings were organized for 23 employees;
- Signing 3 month Internship contracts with 6 students of Azerbaijan State Oil and Industry University;
- Intensive work continued with Audits of Deloitte company.

d) Recruitment

- Recruitment continued for G&G and PM departments.

VII- ADMINISTRATION & SECURITY: *Reported by Elshad Hasanov*

a) Administrative issues

- Working with (submittals and petitions), cooperation with other departments;
- Updating the electronic database of BEOCL inventory;
- Supplying stationery to BEOCL;
- Supplying drinking water to Gum-Deniz, Bahar and the Island;
- Arrangement of waste collection from all BEOCL facilities.

b) Security

- 895 persons and 587 vehicles entered Company's premises via 660 one-time issued written admission lists based on order;
- Registration of inflow and outflow of materials, equipment, workers going to the premises via the Access Control Point # 1 is monitored on daily bases.
- Maintaining records in the log book of 951 employees who left for Bahar (working per shift) and checking their availability at work during 1 st quarter.
- Entry to the causeway is prohibited for vehicles weighing more than 3 tons as per the decision of the Company Management. Only in exceptional cases, vehicles heavier than 3 tons are allowed to enter the causeway as per approval of the President;
- 14 letter have been sent to Aghayarov Avtandil, the chief of "Etalon Security" LTD, in order to get the permission certificates for 559 employees and 72 special machines to be able to enter the "BEOCL" area, according to points of the contract.
- 24 times during the quarter 2020 deployment of employees (working on shifts) to Bahar field on vessels was accompanied by the Department's rescue diver personnel.
- On 02.01.2020 at 21:30 Suleymanov Mirza, a driver, saw a stranger in BEOCL territory and immediately informed CF and FD employees Suleymanov Zahid and Safarov Nurlan. According to police that person is Alimammadov Tural Alihaydar (01.01.1998) who lives in Beylagan(Shahsevan). Police was informed and he was taken to the police office. Vice-president Elshad Hasanov has been informed.
- During 1st Quarter of 2020 , the specialists of department took part in the control of the transfer of 410352 liters of diesel fuel to "Bahar" area.
- On 21.02.2020 around 15:00 we got an information about an unknown person collecting iron mass in the island. He was caught by the police officer working in the island and been determined that this person is Guliyev Hasangulu who is registered to Astara and been taken to the police office. After that around 15:40 we got an information that there is a ship(AB 42) under the overpass. Immediately we went there with 2 police officers and noticed that they are cutting the electric cables which are underwater and collecting them into the ship. The police have been informed about both of the events.
On 21.02.2020 at 15:00. The citizen Hasangulu Guliyev Agabulu entered without permission to the area of "BEOCL" company, which belongs to the organization of it in Azerbaijan Republic, and took some stuff. The search, about the stuff he took, has started by Khatt Police office in Zigh coast which belongs to The Head Police office of Governmental Coast Control.
- On 22.02.2020 at 15:40 We caught Shikhiyev Shadnus Yusif and Atakishiyev Aghababa Akif while cutting cable, which has length of 154 cm, width of 3cm surrounded by aluminum, by iron sizer and stealing it ,in the DV-86 type "Yamaha-55" wood made boat (ABA1371) , under the over pass belonging to the "BEOCL" company. The police was informed immediately.
- On 12.03.2020 at 13:15 we detected 2 people fishing illegally in the bridge of the parking of the ship. We have invited them to the managing building and have talked with them in the rules of law. The vice-president Elshad Hasanov was informed.

VIII – PROCUREMENT & MATERIALS: *Reported by Margarita Rudkovskaya*

a) General

- Ongoing negotiations with Vendors regarding prices, payment terms, delivery terms
- Identified Vendors and POs for payment to ensure uninterrupted Operations

b) Procurement

- 190 MR & SR Received;
- 108 MR & SR Received
- 78 PO's and SO's prepared in SUN System
- 4 MR's canceled/oh hold
- 1 MR &SR passed to CONTRACT/TENDER
- 25 MR's & SR's under sourcing stage Tender and Contracts

c) Tender and Contracts

- Tender Packs under RFI –4

- BEOCL 10165 CS 2 GAS SEPARATOR SYSTEM RENOVATION
- BEOCL 10170 HEAVY VEHICLE & CIVIL PLANT RENTAL SERVICES
- BEOCL 10169 SUPPLY OF STEEL MATERIALS
- BEOCL 10171 SUPPLY OF PIPES

- Tender Packs under ITT (the bids submission period) – 2

- BEOCL 10165 CS 2 GAS SEPARATOR SYSTEM RENOVATION
- BEOCL 10170 HEAVY VEHICLE & CIVIL PLANT RENTAL SERVICES

- Tender Packs received for evaluation – 2

- BEOCL 10165 CS 2 GAS SEPARATOR SYSTEM RENOVATION
- BEOCL 10170 HEAVY VEHICLE & CIVIL PLANT RENTAL SERVICES

- Tender Packs under RCA approval –0

- Tender RCA approved – 0

- Tendered Contracts placed –0

- Tendered Contracts under process – 0

- Tenders canceled – 0

- Number Of Active Contracts (at the end of 1st Quarter 2020)

- OPS/WO/LOG - 93 (including 16 transportation services and 19 services contracts for empl.)
- CONSTRUCTION - 18
- HSE – 9 (1 service contract)
- G&G - 10 (incl. 2 consultancy contracts & 2 contracts for payment purpose only)
- ADMIN – 26 (incl. 8 service contracts for empl.)
- HR – 4 + 6 contracts with interns (free of charge) =10
- ITC – 11
- LEGAL – 16
- PM –15 (incl. 3 contracts for payment purpose only)
- FINANCE – 0

- Requests for Prolongation of Contracts – 3

- BEOCL/2017/10145 ELECTRICAL SUBMERSIBLE PUMP RENTAL – SCHLUMBERGER
- BEOCL/10133/2017 60, 80, 120 TON WORKOVER RIGS – ILKIN –N
- BEOCL/10146/2018 PILING & CONDUCTOR DRIVING – ADO-G

d) Warehouse and Materials

- 1,051,074.00 kg handled without incident
- WHS received 82 PO's, 249 line items for the amount of 1,056,524.31 AZN
- WHS issued 1,302 line items for the amount of 1,725,986.07 AZN
- 23 (twenty three) NCR's raised 17 (seventeen) NCR's were closed.
- Fuel station received 444,548.00 Liter of Diesel, issued 454,930.00 Liter of Diesel
- Delayed Video surveillance project
- Delayed Repair of roads in the territory PPY1
- Delayed installation Shelves Hangar 1, 3, 4
- Delayed Chemical storage
- Operations Monitor at gas station is out of service.
- Waiting building project from constriction department (Main WHS office Building)

IX – IT: Reported by Eldar Eyyubov

- Within 1st Quarter was no disruption in IT dept.
- 226 helpdesk requests were processed
- All empty cartridges were replaced
- All new employees were provided with computers and accounts
- All ID cards have been issued
- 21 UPSes were equipped with new batteries and installed
- A broken laptop of Echometer specialist has been replaced
- 136 computers were upgraded with new SSD disk drives
- Google subscription was prolonged for next 6 month
- Antivirus Kaspersky and Kerio Control subscriptions were prolonged for next year
- All computers were upgraded with new version of Antivirus
- Geological simulation server was upgraded with 4TB disk drive
- Repaired were 13 printers and 5 computers
- The fault UPS in the server room was replaced with new one
- Additional Desktop PC was installed for Construction Department
- Damaged network cable in the electrical workshop was replaced
- The big network printer in Operation building was relocated
- 1 IP phone was installed for Deloitte group
- Provided was remote access to corporate network for necessary employees
- 12 Computers were upgraded to Windows 10 OS

-----**End of Report**-----