

BAHAR ENERGY OPERATING COMPANY
QUARTERLY REPORT

1st Quarter – 2022

Contents

<u>I - HEALTH, SAFETY & ENVIRONMENT</u>	2
<u>II - PRODUCTION / OPERATIONS</u>	4
<u>III – CONSTRUCTION:</u>	8
<u>IV – WORKOVER</u>	10
<u>V - SUBSURFACE</u>	11
<u>VI – FINANCE</u>	14
<u>VII – LEGAL PROCESS</u>	15
<u>VIII– ADMINISTRATION & SECURITY</u>	17
<u>IX – PROCUREMENT & MATERIALS</u>	18

I - HEALTH, SAFETY & ENVIRONMENT: *Reported by: Aslan Bakhishov***a) HSE statistics 1st Quarter – 2022**

	LTI	Man Hours	TRIR	INCIDENTS (FA,LTI,NM, PD,RT)	PTW
1 st Quarter	0	260007	0	0	158
Total per year	0	260007	0	0	158

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 – 2022 – no any incident was recorded during 1st Quarter 2022.

c) HSE Activity**- HEALTH:**

- Information about COVID-19 vaccination of BEOCL employees was registered and daily monitoring was carried out by HSE department. 523 employees got 1st dose, 523 employees got 2nd dose, 401 employees got 3th dose, 6 employee got 4th dose vaccine by the end of 1st Quarter.
- HSE department has been taking preventive disinfecting actions at the BEOC work places against potential Corona Virus infection.
- The body temperature of the workers coming to the work places have been measuring 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.
- HSE department performed disinfecting the company rented buses against potential Corona Virus infection.
- Installed 25 special dispensers for hand sanitizer regularly control and fulfil by HSE representatives at the BEOCL premises.
- 161 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.

- SAFETY:

- Planned inspection of the BEOCL operation sites conducted by the specialists of State Fire Control Service of the Ministry of Emergency Situations.
- Safety inspections of BEOCL sites and work performance were carried out.
- General HSE induction was conducted for 96 newcomers / contractors/ visitors.
- Firefighting equipment monthly inspection was provided and reported. Firefighting water pump was tested at the Oil Process and Transportation field.
- In accordance with Local regulation the Health and Safety knowledge evaluation of 27 BEOCL technical and engineering employees was carried out.

- HSE Audit of BEOCL Permits to Work and associated certificates, verification, risk assessments and other related documentation were monitored.

- **ENVIRONMENT:**

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

Environmental protection:

- Waste segregation process was supervised by HSE division.
- BEOCL sewage water (132m³) was disposed through Hovsan Sewage treatment plant.
- AR Ministry of Ecology and Natural Resources Caspian Complex Environmental Monitoring Administration (CCEMA) took samples of produce water for analyses the amount of oil hydrocarbons in the produced water from discharged point into the sea.
- AR Ministry of Ecology and Natural Resources Caspian Complex Environmental Monitoring Administration (CCEMA) conducted ecological monitoring in the contract areas of the representation with the Scientific Research Ship in order to study the ecological situation and the status of biological resources in the Caspian Sea

d) Training and other activities:

As a part of HSE assurance plan 2022 Safety Stand down Meetings were conducted at the BEOCL worksites in the following themes:

- “Safe usage of transportation” for 25 employees.
- “COVID-19 - Control and Prevention” for 80 employees.
- “Safe Lifting Operation” for 7 employees.

Total participants were 112 workers.

II - PRODUCTION / OPERATIONS: *Reported by Deputy Operations Manager and Head of CET&PS Panah Mammadov.*

a) Statistics of oil and gas production in the "Gum-Deniz" and "Bahar" fields for the 1st quarter of 2022:

OIL and GAS Production 2022 Budget and Actual																	
Mar-22	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 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	71	7.47	528	70	521	93	685	460,294	16,255,283	437,234	15,440,919	2,778	713,541	25,198,700	4,533	3,306	5,218
February	72	7.48	535	73	546	105	777	504,296	17,809,213	478,309	16,891,482	3,039	790,583	27,919,439	5,022	3,574	5,799
March	78	7.51	582	82	613	100	740	500,733	17,683,386	478,175	16,886,750	3,038	771,878	27,258,872	4,904	3,620	5,644
Q1 Average	73	7.49	549	75	560	99	734	488,441	17,249,294	464,573	16,406,384	2,951	758,667	26,792,337	4,820	3,500	5,554
April																	
May																	
June																	
Q2 Average																	
JULY																	
AUGUST																	
SEPTEMBER																	
Q3 Average																	
OCTOBER																	
NOVEMBER																	
DECEMBER																	
Q4 Average																	

Additional operations:

Q-1 2022	
Name of operation	Completed operations
Hot white oil and diesel treatments in wells	11
Fluid level survey	217 (14 wells)
Sulfanol treatments in wells	1 well
Measurement of salinity in wells	29
Soap stick applications	

Total collected slags from 500 field of oil processing&delivery field and gas processing delivery

The usage of electricity
4 454 287 kW/hour for 1-rd Quarter

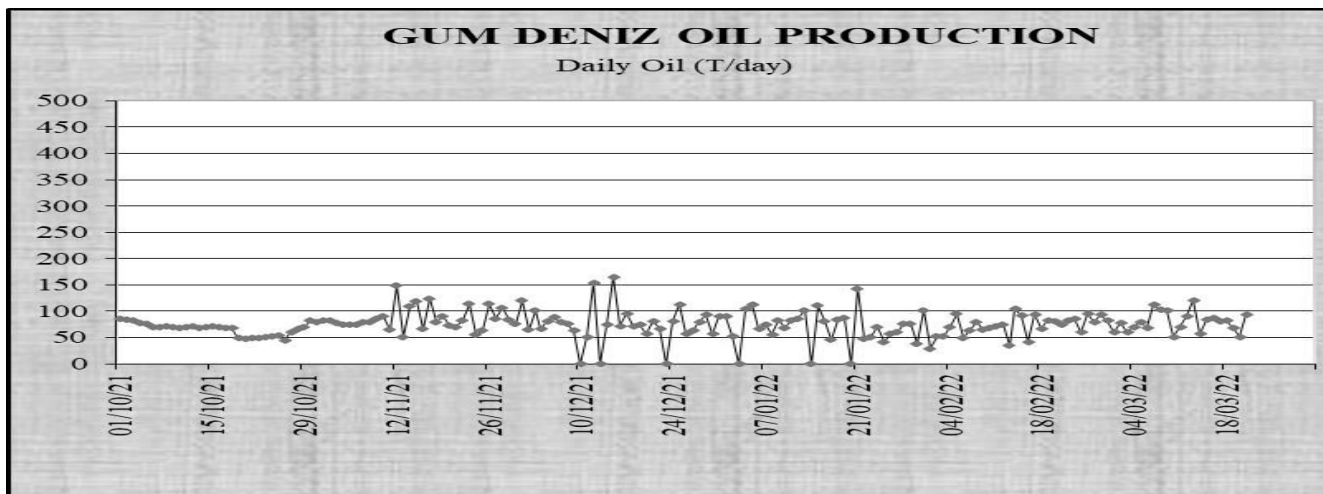
About the crane ships called on the basis of the order
"Shikhlinsky", "Shirvan", "Athlete" type crane ships hadn't worked on a basis order.

Gum-Deniz field
The average quarterly production in the Gum-Deniz field was 75 tons / day, 560 Bopd.
During the reporting period, the following wells were PoP in the Gum-Deniz field after WO.: GD.716; GD.479; GD.430; GD.038
WO operations are underway: GD.203; GD.058; GD.465; GD.474

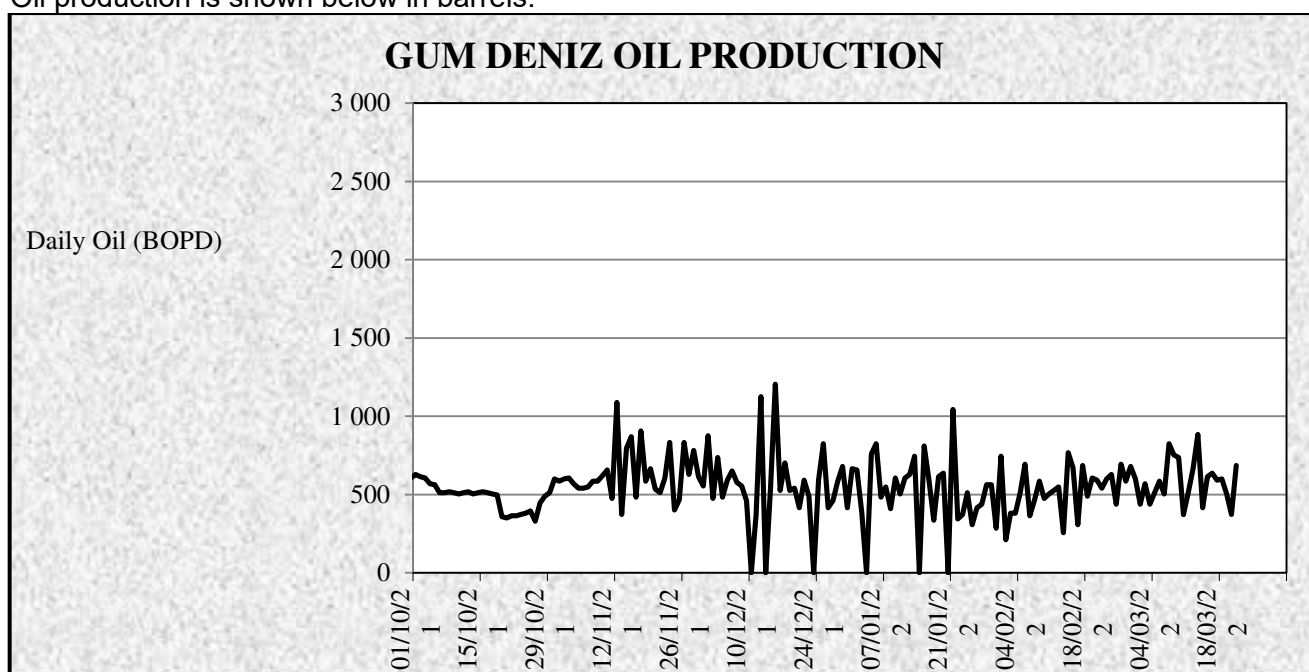
During the reporting period, there was an increase in well production:

Oil Production Rate Differences Between fo 4rd quarter 2021 and 1th quarter 2022																																		
Date/ Well#	006	009	012	020	038	372	412	413	414	417	418	430	438	444	445	447	456	461	465	466	467	468	470	471	475	477	478	479	504	601	715	716	774	Total, m3
4th quarter 2021	0.4	2.1	0.2	0.0	8.7	18.8	0.5	0.0	3.7	0.0	0.3	6.2	0.0	0.0	0.0	3.5	4.2	0.0	0.0	0.3	2.5	1.7	2.1	2.9	4.0	2.9	4.9	15.7	1.2	0.0	6.9	0.0	0.2	93.9
1th quarter 2022	1.7	2.0	0.0	0.0	2.8	21.7	0.0	0.0	5.1	0.0	2.7	5.7	0.0	0.0	0.0	3.0	5.5	0.0	0.0	0.0	2.8	2.3	2.0	3.7	5.7	3.7	5.3	9.0	0.7	0.2	7.7	1.0	0.0	94.3
Difference																											0.4							

Oil Production during the last 6 months:



Oil production is shown below in barrels:

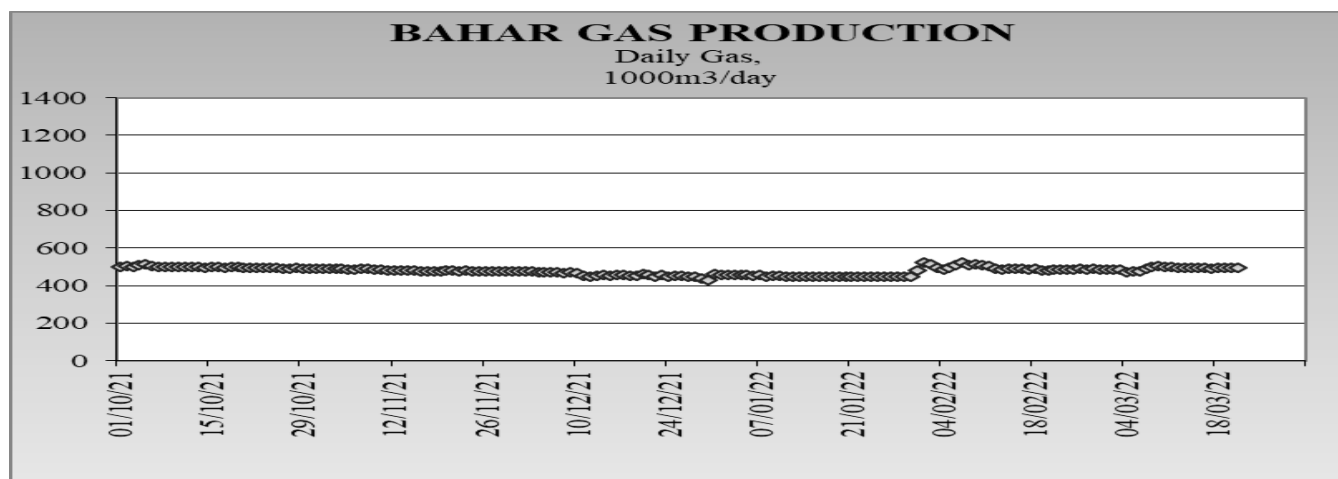


Bahar field
The average quarterly gas production in the "Bahar" field was 488,441 m ³ / day, 17.25 MMcf. Compared to the 4th quarter of 2021, there was an increase of 0.01 MMcfd.
B206 was PoP after succesfully WO operations.
WO operations are underway: B165; B074
Refurbishment operations are underway at these units: offshore oil&gas collecting unit No2; PLT048; PLT065; PLT009

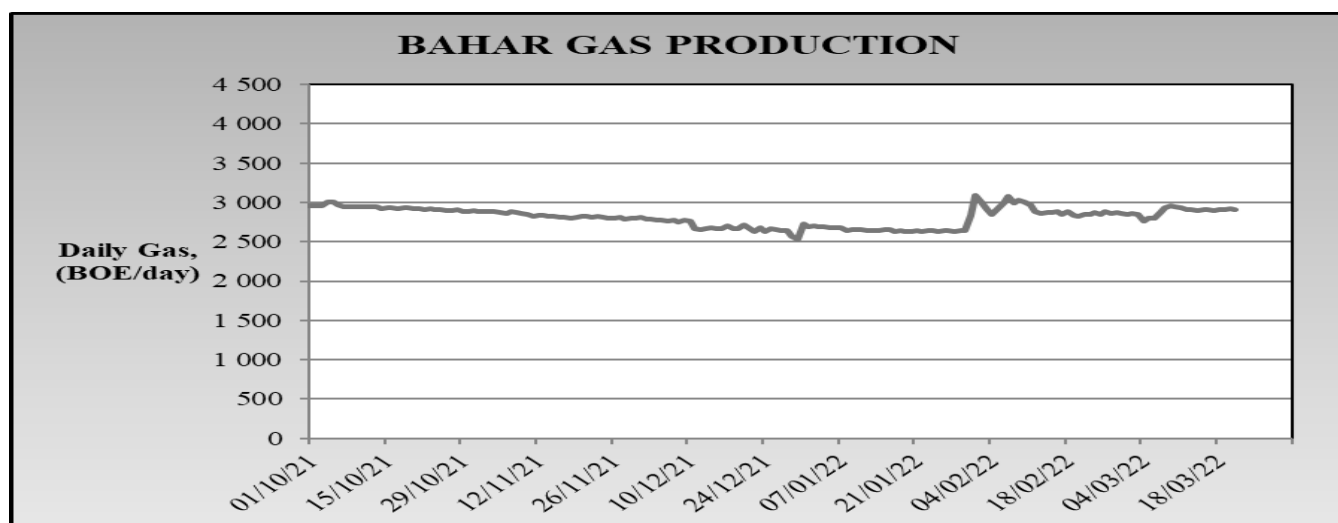
During the reporting period, there was a decrease in well production:

Qaz Production Rate Differences Between fo 4rd quarter 2021 and 1th quarter 2022														
Date / Well#	083	140	144	167	169	170	171	175	179	182	205	241	206	Total, 1000 m3
4th quarter 2021	28.2	40.7	0.3	22.5	67.0	105.5	21.2	73.3	70.0	1.0	16.5	40.7	0.0	486.9
1th quarter 2022	22.3	40.5	0.3	8.0	78.0	103.0	1.0	68.0	63.0	1.0	20.0	55.0	27.3	487.4
Difference													0.5	

Gas Production during the last 6 months:



Gas production is shown below in barrels:



III – CONSTRUCTION: Reported by Panah Mammadov

CONSTRUCTION PROGRESS REPORT Q1 2022

#	Field/Location	Work Description	Status
		Gum-Deniz	
1	Gum-Deniz, Gas separator field No2.	Based on the project, BEOCL Representation in the Republic of Azerbaijan completed the installation of 64 piles from 12" pipes in order to improve the quality of sales gas from the "Bahar" field in Gas Separator Field No2 in order to reconstruct the separator system. Installation of molds for concreting of the preparatory layer. The 38m ³ concrete part with the preparatory layer has been completed, and the armocarcase has been assembled to prepare the 2nd layer. Pumping of 232 m ³ concrete mortar and installation of 6 separator bases from 600mm double-beams, concreting of the perimeter. Ongoing...	In progress, Davam edir.
2	Gum-Deniz, Causeways	Installation work of 18,19 and 20th 8x10x600mm metal sheets are in progress at the Causeway PLT209 for the installation of metal sheets has been completed. Welding and painting work completed.	Completed, tamamlandı.
3	Gum-Deniz, Causeways PLT9	Installation of 16" piles due to the widening of the causeway in between the crossroads and PLT9, the 6 / 0.4kV Distribution Unit #13 located at PLT 9 is being installed, installation of panels and connecting to the existing causeway have been completed. Installation and welding of the metal structure of the PQ building using 140mm angle bars.	In progress, Davam edir.
4	Gum-Deniz, PLT-2	Gum-Deniz" field, repair works to prepare wells 351 and 352 located in Causeway PLT2 for WO. Connection of 600 and 400 beams of existing metal plates with installed piles. Installation and welding of 4 12" pipes are underway to renew the underrotor piles of well No352. Installation of pipe rack of well No352 and service area around the well.	In progress, Davam edir.
5	Gum-Deniz, Gas separator field No2.	The construction of BEOCL's natural gas pipeline from the OGPD named after 28 May to the 35-atm gas pipeline handed over to the Gas Export Department has been completed. Installation of a new metering junction and connection to the newly laid 12"-8" lines.	In progress, Davam edir.
6	Gum-Deniz, PLT-2	Concerning WO of wells 203;297; 716; 504 at PLT2, skidding and installation of the UPT-50 pulling unit pedestal and the pipe racks.	In progress, Davam edir.
		Bahar field	
7	Bahar, GSU-2	Proceeding the installation of 12" gas flow line pipe supports along the existing bridge according to the project. Expansion of the existing comb separator area in the southwestern part of the working area. Assembling of service areas for installation of Flare and drainage system. Welding of comb separators and pipe fittings, manufactured and shipped in the workshop was completed. 90% of the total	In progress, Davam edir.

		work is complete.	
8	Bahar, PLT-48	Carrying out repair-maintenance work for preparation of well 144;145 & 146 for WO at PLT48 "Bahar" field.	In progress, Davam edir.
9	Bahar PLT-65	Provision of houses and materials for the implementation of the first stage of the work plan to the "Bahar" field PLT9/129 as project work. Temporary involvement of crew in the implementation of works from PLT65 "Bahar" field.	In progress, Davam edir.
10	Bahar PLT-65	Repair-restoration works to prepare wells 187, 189 & 191 for WO at PLT65 Bahar field. Repair of boatlanding on he west of workfloor. Preparation of wells 89,190 and 191 for WO and installation of 2 Boatlanding welding works have been completed.	In progress, Davam edir.

Additional Works

1	In the hangar No. 1 of the central warehouse area, the installation of shelves for the collection of goods and materials has been completed. Next, the installation of shelves in the 3rd hangar continues.	In progress, Davam edir.
2	Completed assembling and painting of 1 unit cable spooler in the Fab. shop, used during WO operations (POOH & RIH) at ESP wells of Gum-Deniz field." Assembling and welding up the 2nd unit in the Fab shop in progress.	In progress, Davam edir.
3	In connection with the re-commissioning of well No. 005, located on the patch470 in the island area, which has been out of operation for a long time, re-installation and connection of "GDP", "Fluid Measurement" junction and "Household gas" separator located in the area, fabrication of spare parts and details in the workshop for laying lines.	In progress, Davam edir.
4	Construction of the road leading to the well in order to return the well No58 back on production located in the "Gum-Deniz" area, dismantling and spreading the existing concrete remains around the well, expansion of the area, vertical planning and preparation of the concrete site for the A-80 PU (1st stage) have been completed. The installation of the pedestal of the A-80 PU, the site around the well and the pipe rack has been completed and had been put online.	Completed, tamamlandı
5	Linking works are carrying out in between old gas lift pipeline along the dam road and the entrance and existing water line close area to the "Halikarnas"" restaurant as well as installation of vertical pipeline supports. Installation of new supports on existing water line, cutting off the old lines on-going.....	In progress, Davam edir.
7	Installation and coordination of the oil tank for the operation of well No456, located in the "Gum-Deniz" field causeway PLT208a, with hot oil (or w/diesel) has been completed	Completed, tamamlandı
8	Repair of the bottom of technological tank No3, located in the park of 2000m ³ tanks of Oil process&delivery field. In general, 8mm metal sheet was laid in 31m ³ section, welding work has been completed. In general, the bottom of the tank has been painted.	Completed, tamamlandı
9	The construction of a hangar for storing chemicals near the hangars belonging to the central warehouse on the island has been completed, as well as the installation of 2.5-pipe trusses and inter-farm wooden shafts. Installation of corrugated sheet metal. Installation of a total of 445 m ² of roofing has been completed. Materials are expected to be purchased for the construction of the surrounding walls.	In progress, Davam edir.

10	A new oil trap is being built at the oil processing&delivery field, and the bottom and walls of the rooms are being covered with metal plates. Closure of the surrounding parts of the pumping station and drainage connection for oil collection have been completed.	In progress, Davam edir.
11	In order to use technological tank No. 4 as a reservoir water tank at 5,000 points of oil processing&delivery field, a total of 188m 10" pipelines were laid to connect the inlet and outlet lines with the reservoir water pumps, coordination with the existing pumping station has been completed. Painting of the line is underway.	Completed, tamamlandı
12	Installation of new piles and connection with existing constructions in the sections of between crossroads-PLT9, between PLT208-PLT209, PLT66-PLT450 at causeway.	In progress, Davam edir.
13	Installation and welding of lines from 4" and 2.5" pipes exiting the separator, electric furnace Gas Distribution Unit in order to relocate the existing GDU located in causeway PLT209. Construction the new Gas Distribution Unit's building is underway.	In progress, Davam edir.
14	Carrying out welding works for the purpose of repairing emergency parts of 500 mm water line of water cooling system at compressor stations 1 and 2 of gas processing&delivey field. Installation of gas and water lines of compressor cylinders of gas compressor machine No4, which are under repair at CS1 of gas processing&delivery field.	In progress, Davam edir.
15	Connection of demulsification furnaces No1 and No2 located in the area of 2000m3 oil tanks of oil processing&delivery field and re-installation of 6" inlet-outlet lines for oil refining.	In progress, Davam edir.
16	Inv No2 located in the area of 2000m3 oil tanks of Oil comp prep&delivery field. Repair work of demulsification furnace number 2291. 100% of work was done. Checking for airtightness, commissioning.	Completed, tamamlandı

IV-WORKOVER: Reported by: Nurlan Gashamli – Workover Department Manager

General Highlights for 1st quarter:

Summary WO's Bahar Q1:

B165 – Successfully completed well at Hor. VI. Perforated and put well on production with satisfied gas flow. Moving onto the B167 well at the same platform.

B074 - By execution of the successful fishing operation, 1641m of left in hole tubing out of a total of 1855m was eliminated from the wellbore. Opened Hor. VIII upper, Hor. VII and VI zones for potential production. Logged and interpreted the well to perforate at 4097-4104m and 4106-4111m intervals by 73mm TCP BHA.

B144 – Rig was moved from shore and spotted onto the well via heavy crane vessel. Prep ongoing to execution de-completion and uphole re-completion.

Summary WO's South Gum Deniz Q1:

GD430 – ESP was renewed, wellbore clearance provide by scraping and TD cleaning. Well put back online via ESP landed at 1703m.

Summary WO's Gum Deniz Q1:

GD058 - Successfully completed execution of WO operation to target depth at 3507m by opening Hor. KaS and PK. Logged and perforated at 3497.5 - 3493.5m with 51mm OO TCP. Put well on production.

To monitor the well, Performed PLT Log in the well to determine zones contribution. As per result, a remedial cementing work decision has been made to prevent HWC from Hor. PK. Ongoing...

GD716 – Successfully executed uphole completion at Hor. IX by perforating through Production String and at 2561-2557, 2551-2545, 2517-2513 m (total 14 m) with 51mm OD TCP. Put well on production.

WO operations at G203, G474 and G465 are underway.

WO Well services have been executed at G413, G479 and G038 well to maintain production.

Out of Filed.

Coordinating with ADO-G regarding redness 28m Derricks.

Coordinating with IDS Company regarding redness 120tonner Drawworks and new UPA-80 Rig.

Coordination of SideTrack Project with SOCAR Drilling Trust for development of drilling program for G601 ST. Works in progress.

Implementing and executing repair and maintenances programs for Heavy Equipment assets to support operation without delays. Coordinating purchase and delivery with the Procurement team.

a) Quarter Workover Statistics

Month	Total WO OPEX completed	Total WO CAPEX completed
January	-	1
February	3	-
March	2	1
Total	5	2

V – SUBSURFACE

Workover Programs prepared

Well	Job Category	Prepared Work Program Target	Start Date	Final Date	Actual Cost, M\$		
					Jan-22	Feb-22	Mar-22
B-206	Fishing/Recompletion	Clean well down to 3545m. Fishing of stucked outer tubing strings 2 7/8"-85m (Fishing top-3545m), 2 7/8" - 124m (Fishing top-3720m) and L-5m casing gun(3785m) out of the well. Clean well down to 4579m. RIH and perform , QR/NGL/CCL(4579-2800m)	10-Aug-2021	31-Jan-2022	\$227		
B-074	Fishing/Recompletion	Fishing of damaged tubing strings out of the well. Drill the cement plug at 4512 and 4920m. Clean well down to 5050m. QR/NGL/CCL(5050-3720m) logging. Further operations will be planned according to GR/NGL results.	28-Oct-2021	Ongoing	\$108	\$136	\$166
B-165	Fishing/Recompletion	RIH special scaper to 3905m and POOH. Set BP at 3900m and perform cement squeeze. Run 86mm TCP guns with maps et packer at the end production string within perforation zone 3801-3796m. Coordinate packer setting and TSP guns depth. Flow lines to be assembled and inspected by the pressure specified in the technical specifications. Perforate 3801-3796m horizon VII and POP.	29-May-2021	Ongoing	\$259	\$284	\$320
B-167	Recompletion	RIH and perform , QR/NGL (3769-3590m) logging. Further operations will be planned according to NGL results.					
B-205	Recompletion	RIH and perform , QR/NGL(3700-3970m) logging. Further operations will be planned according to NGL results.					
GD-058	Fishing/Recompletion	Pulling out 400m from tubing string (1 st plan). Pulling out 200m from tubing string (2 nd plan). Pulling out 150m from tubing string (3 rd plan). POOH tubing from 3480m, stopped at 3450m. Logging GR/CCL, perforate with 43mm spiral guns at 3499-3493m interval in horizon K as. POOH tubing string from 3450m. Run 2000m 2 7/8" tubing with gaslift valves. Reduce 400m from production tubing (1st plan). Reduce 200m from production tubing (2nd plan). Reduce 150m from production tubing (3rd plan). POOH tubing string. RIH special mill set artificial sand plug at 3390m. RIH special mill, check feedrate of 3285-3310m interval. If positive perform remedial cement squeeze into the interval. Clean to 3390m. Check feedrate of 3401-3485m intervals. If positive perform remedial cement squeeze into the interval. Clean to 3507m. Run 2000 m 2 7/8" tubing with gaslift valves in the well (4 th plan).	20-Nov-2021	24-Mar-2022	\$149	\$213	\$235
GD-058	Well Service/Remedial Cementing	Reduce 400m from production tubing (1 st plan). Reduce 200m from production tubing (2 nd plan). Reduce 150m from production tubing (3 rd plan). POOH tubing string. RIH special mill set artificial sand plug at 3390m. RIH special mill, check feedrate of 3285-3310m interval. If positive perform remedial cement squeeze into the interval. Clean to 3390m. Check feedrate of 3401-3485m intervals. If positive perform remedial cement squeeze into the interval. Clean to 3507m. Run 2000 m 2 7/8" tubing with gaslift valves in the well (4 th plan).	25-Mar-2022	Ongoing			\$15
GD-716	Recompletion	RIH scaper clean to 2610m. Set BP at 2608m and put on cement with sand bailer. Logging GR/CCL, perforate 73mm tubing guns at 2561-2557m at horizon IX. Add 300m to the tubing string.	28-Dec-2021	16-Mar-2022	\$94	\$122	\$154
GD-479	Well Service/Sand Cleaning	Add 100m to the tubing string.	22-Jan-2022	3-Feb-2022	\$20	\$17	
GD-413	Well Service/ESP Replace	POOH tubing, RIH special mill set artificial sand plug at 3510m. Feed rate test at 2930-2937m to check the existence of the defect at the casing. After cement solidifies drill the remaining cement and clean the well from 3510m to 3554m. Run 1700m 2 7/8" tubing with gaslift valves.	9-Jan-2022	16-Jan-2022	\$10		
GD-413	Well Service/ESP Replace		20-Feb-2022	8-Mar-2022		\$20	\$27
GD-430	Well Service/ESP Replace		26-Jan-2022	18-Feb-2022	\$11	\$29	
GD-038	Well Service/Sand Cleaning	Inject 6m3 hot diesel through center. Add 200m to the tubing string. POOH tubing with gaslift valves. If the perforation zone is plugged, then run Sand Bailer to clean the sand up to TD, if doesn't work, wash the sand out with other tool.	15-Feb-2022	27-Feb-2022		\$21	
GD-465	Well Service/Recompletion	POOH tubing with gaslift valves. RIH special mill, drill the cement plug 3357 and BP at 3360m and clean well down to 3475m. Run 2000 m 2 7/8" tubing with gaslift valves.	28-Feb-2022	30-Mar-2022			\$48
GD-474	Fishing/Recompletion	POOH tubing string. RIH special mill, check feedrate of 1987-1985m interval. If positive perform remedial cement squeeze into the interval. RIH special mill, drill the BP (2025m) and clean to 2040m. Check feedrate of 2040-2032m interval. If positive perform remedial cement squeeze into the intervals. RIH special mill, drill the cement plug at 2040m and BP(2042m) and check feedrate of 2080-2085m interval. If positive perform remedial cement squeeze into the intervals. RIH special mill, drill the cement plug at 2187m, and BP (2190m) and check feedrate at 2209-2236m interval. If positive perform remedial cement squeeze into the intervals. RIH special mill, check feedrate of 2535-2570m interval. If positive perform remedial cement squeeze into the intervals. RIH special mill, drill the cement plug at 2670m. Check feedrate of 2710-2723m interval. If positive perform remedial cement squeeze into the intervals and clean to 2727m. RIH and perform , QR/CCL/ QUAD neutron (2727-2200m) logging. Further operations will be planned according to GR/QUAD results.	9-Mar-2022	Ongoing			\$39
GD-203	Fishing/Recompletion	RIH special mill, drill the cement plug 2105m, fishing tubing strings 2 7/8" -15m(Fishing top-2108m) and maps et packer, cement plug 2426m and 2508m. Clean well down to 2532m. RIH and perform , QR/QUAD/CCL(2532-1870m) logging. Further operations will be planned according to GR/QUAD results.	23-Mar-2003	Ongoing			\$74
TOTAL					\$877.20	\$840.80	\$1,078.00

Note* Actual cost is taken from WO monthly reports and reported amount is for only current month.

Wells logged/re-logged

1. **B-206 GR/NGL/NNK**
2. **B-206 GR/CCL (2 times)**
3. **GD-479 GR/CCL**
4. **GD-430 GR/CCL**
5. **GD-58 GR/CCL (2 times)**
6. **GD-058 PLT**
7. **GD-716 GR/CCL**
8. **B-165 GR-NGL-NNI**

Wells completed

1. **B-074 Fishing/Recompletion.** Ongoing. Expected free gas rate is 50 Mm³/d from B_VII f/u.
2. **B-165 Fishing/Recompletion.** Ongoing. Expected free gas rate is 70 Mm³/d B_VII f/u.
3. **B-206 Fishing/Recompletion.** Well produces 67 Mm³/d free gas, 2m³/d condensate and 13m³/d water from B_V f/u.
4. **GD-203 Fishing/Recompletion.** Ongoing. Expected oil rate is 4 ton/d VIII horizon.
5. **GD-058 Fishing/Recompletion/Remedial cementing operation.** Perforated 3497.5-3493.5 m with 51 mm TCP. Expected oil rate is 4 ton/d PK horizon. Produces water.
6. **GD-038 Well Service.** Well is under monitoring. Well produces 3 ton/d oil, 38 ton/d water and 3.5 Mm³/d solution gas .
7. **GD-413** Waiting for ESP cable.
8. **GD-430** Well is under monitoring. Well produces 2 ton/d oil and 285 ton/d water. Expectation is to reach 9 ton/d oil and 270 ton/d water production as an optimal regime.
9. **GD-465** Expected oil is 2 ton/d oil from horizon PK.
10. **GD-716 Fishing/Recompletion.** Perforated 2561-2557m, 2551-2545m, 2516.5-2513.5m intervals at horizon IX. Well produces 3 ton/d oil, 0.5 ton/d water and 4 Mm³/d solution gas .
11. **GD-479 Well Service.** Well produces 8 ton/d oil and 60 ton/d water.
12. **GD-474 Cementing/Fishing.** Expected oil rate is 5 ton/d IX/X horizon.

Cased-hole logging:

Interpreted logs from GGI:

1. **B-206 GR/NGL/NNK**
2. **B-206 GR/CCL (2 times)**
3. **GD-058 PLT**
4. **B-165 GR-NGL-NNI**

Geology

1. Bahar SP oil potential candidates identified.
2. GD-601 sidetrack – site cleaning and preparation for sidetrack is ongoing. Work program finalized and sent to CDWT for signature.

Reservoir Engineering

1. Discussion about TAM packer application in well B-177 in progress.
2. OOR/MPC technology application for GD-471 acid treatment contract prepared and SRF proceed to signature.

3. Deploy deep operated ESPs at Bahar Gas Field on wells with 5" casing – Working with Schlumberger, Baker and ChampionsX companies on delivery/design of deep operated ESPs.
4. Working with SOCAR's Oil & Gas Science and Research Institute to study the feasibility of FL from Paraffin – Depressant NDP1, Salts/Scales – Inhibitor NDI1.
5. GumDeniz PK and KaS horizon simulation model history match in progress.
6. WO Success file updated.
7. Monthly Reports for SOCAR (Production, Delivery, Used, Production and Delivery Indicators, Well Fund).
8. Updated Bahar and GD OFGM database.
9. Updated Daily and monthly Production follow up database.

1st Quarter of 2022 Planned and Fact Production Comparison			
	Plan	Fact	Difference
Oil and Condensate, tons	8,910	6,737	-24%
Free Gas, Mm3	68,184	47,147	-31%
Solution Gas, Mm3	6,783	3,799	-44%

Seismic

1. GD-601 side track program: seismic review to identify drilling location.

VI - FINANCE: Reported by Rasul Gafarov

On a Monthly Base:

Completed Dec-21 – Feb-22 accounting cycles in accordance with the monthly schedule.
According to JOA issued Dec-21 – Feb-22 Monthly reports to Contractor Parties.
According to JOA Jan-22 – Apr-22 Cash Calls distributed to Contractor Parties.
Issued Dec-21 – Feb-22 Additional Monthly reports to Contractor Parties shown below.

Issued and distributed Dec-21 – Feb-22 Monthly departmental cost reports to Budget Holders / Department Managers.

Issued and submitted Dec-21 – Feb-22 monthly reports to government bodies.
Prepared and submitted monthly Dec-21 – Feb-22 Financial Highlights report to the Management.

On a Quarterly Base:

Issued Q4-21 Additional quarterly reports to Contractor Parties.

Prepared and submitted Q4-21 quarterly Financial reports required for GPI.

On an Annual Base:

Completed preparation for 2021 year Audit of below shown reports and actions:

- BEOC Cost Recovery Report;

A summary of Production, Revenue, Opex and Capex standing related up to 1Q-2022 is shown in the table below:

Bahar Energy Operating Company Limited
Production & Costs Analysis (Actual versus Budgeted)
as of the end of Q1 2022 (01-Jan-22 - 31-Mar-22)

Production	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Production, boe	258,459	401,322	(142,862)	64%
Crude Oil Production, bbl	48,810	66,620	(17,811)	73%
Petroleum Production, boe	307,269	467,942	(160,673)	66%

USD '000

Revenue	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Sales	4,036	6,478	(2,441)	62%
Crude Oil Sales	4,686	3,498	1,188	134%
Petroleum Sales	8,722	9,975	(1,253)	87%

Costs	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Capital Costs (CAPEX)	1,652	6,779	(5,127)	24%
Operating Costs (OPEX) Net of Recoveries by Third Parties	4,502	4,632	(130)	97%
Non-Recoverable Costs (Non-Rec)	-	9	(9)	0%
Total Costs	6,154	11,420	(5,266)	54%

Capital Costs:				
Construction	867	3,604	(2,737)	24%
Production Equipment and Facilities	188	1,148	(960)	16%
CAPEX Other	22	11	11	194%
Workover	576	2,016	(1,440)	29%
Capital Costs	1,652	6,779	(5,127)	24%

Operating Costs:				
Personnel Costs	2,317	2,109	208	110%
Insurance Cost	19	68	(48)	29%
Electricity, Water, Sewage, Gas Usage	227	327	(100)	69%
Fuel	25	30	(5)	84%
SOCAR and State Services	58	94	(36)	62%
Rental of Transportation and Other Equipment	960	990	(30)	97%
Repair and Maintenance - Wells	280	257	22	109%
Repair and Maintenance - Facilities	492	525	(33)	94%
Materials and Spare Parts - Other	16	70	(54)	22%
Third Party Services	45	96	(50)	47%
General and Administrative Expenses	63	67	(4)	94%
Services Provided by Shareholders	-	-	-	0%
Operating Costs	4,502	4,632	(130)	97%
Recoveries from Third Parties	-	-	-	0%
Operating Costs Net of Recoveries	4,502	4,632	(130)	97%
Recoverable Costs Net of Recoveries	6,154	11,411	(5,257)	54%

Non-Recoverable Costs:				
Non-Recoverable - Training	-	9	(9)	0%
Non-Recoverable Costs	-	9	(9)	0%

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

Contracts

Contractual drafting and review work continued working on various contractual documents, including finalizing MoU and Term Sheet with SDT; Exchanges were held with Azercontract and necessary revisions were made to draft Gas Sales Agreement for finalization; Cooperation was maintained with SOCAR Upstream and a new GSA was executed

Litigation

Representative Office was represented on civil case for payment of replacement time salary; Representative Office was represented on civil case for reinstatement to work and payment of salary for forced out of work time; Settlement Agreement was reached on both above cases after series of negotiations;

Government and public affairs

Liaison activities with Surakhany Mayor's office, YAP, and other government authorities, including security forces continued; Participation was ensured in Azerbaijan Ethics and Compliance Network sessions and activities; Police was contacted officially regarding theft of cables and necessary applications, explanations and statements were filed to launch an official investigation; Follow-up meetings were held with other security organizations;

Expat employee documentation/visas

Residency permit obtained from the State Migration Service of Azerbaijan for the Rep Office President

Other Legal Issues/Document Control and Translation/Interpretation Support

Necessary internal orders were drafted/reviewed and commented; Rep Office's different structural units were provided with other necessary legal support, including in relation to certain issues arising from PSA and legislation; JAFZA renewals extension, PoAs, obtaining necessary Certificates of Incumbency and other activities were carried on, including with Caymans and BVI authorities;; Restructuring documents were prepared for Finance, Ops, G&G, Legal and HR departments due to changes in the organization; Material aid policy drafting started; Legal support was provided within the employment contract termination process; Information inquiry from the Labor Inspectorate was addressed with respect to employee complaint; A claim letter was sent to a vendor to fulfill contractual duties on return of payments owed under the contract, and a subsequent letter was sent to the Mediation Council of Azerbaijan, a follow-up meeting was held to discuss the vendor's offers of settlement and subsequent options were shared internally; letters of various authorities regarding redundancy were answered as well; Necessary internal orders were drafted/reviewed and commented; Rep Office's different structural units were provided with other necessary legal support, including in relation to certain issues arising from PSA and legislation;

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

- **HUMAN RESOURCES**

- a) **Personnel Administration & Compensation**

- ✓ Staff employees:
- ✓ Total employees number March 31, 2022: 522, including:
 - Main Office employees - 14
 - Non- Main Office employees - 508
 - of which Expatriates - 1
- ✓ Terminated: 32 (30- resigned, 2- expiration of agreement)

Absenteeism:

✓ Sick leaves - 80

HR Operations

- Overall 1086 HR related operations have been made through this quarter;
- 215 vacations and 80 bulletins have been written and entered to the HRB system;
- Employment Agreements of 32 employees were terminated;
- Employment Agreements were signed with 8 new employees;
- SOCAR and SOCAR Upstream were provided with headcount reports;
- Employee complaints to SOCAR and Labour Inspectorate letters were responded;
- Review of employee personal files continued, JDs and other documents were updated and filed;
- 4 orders issued on departmental structure changes;
- 3 complaint letters from third parties were addressed;
- Employment contracts of 50 employees have been prolonged;

VII- ADMINISTRATION AND SECURITY: *Reported by Ahmadyya Musayev*

Administrative issues

Monthly timesheets for the Administrative contractors have been prepared;
MRs/SRs were prepared for take-off of the goods entered into the warehouse of the office;
Monthly reports on turnover goods and materials, low value goods and write off acts as well as low value goods use acts were prepared;

Office maintenance

Due to the situation during the month, the functional duties of the Civil Defense Management Board of the Representative Office were clarified; an action plan was prepared if necessary and delivered to the relevant persons.

Inventory started and finished;

February 25, 2022 was spent 30th anniversary of the Khojaly genocide committed by the armed forces of Armenia during the Armenian aggression against Azerbaijan;

Stationery orders for 1st and 2nd quarter stopped, the stationery available in the Warehouse is used sparingly;

Sent a letter about 1 March Civil Defense day final info to the Surakhani Civil Defense and Emergency Department on 01.03.2022;

The balance of the Smart Card type water meter has been increased (1764m³) on 04.03.2022;

Unusable materials in sanitary facilities were replaced with new ones, parts requiring minor repairs were repaired, and unused room furniture was distributed to areas in need.

Water supply & Gardening

Necessary amount of water was supplied to the facilities at Island and other locations;

Areas were cleaned from grass;

Current plants were taken care of.

Nursing

Necessary medical aid was provided to employees applying for it.

• SECURITY&CIVIL DEFENSE ACTIVITIES

602 persons and 419 vehicles entered to BEOC areas based on 476 requests issued for one time entrance permissions.

Records in the log book of 829 employees who left for Bahar (working per shift) were maintained and checking their availability at work 1st quarter of 2022 was carried out.

20 times during the 1st quarter of 2022 deployment of employees (working on shifts) to Bahar field on vessels was accompanied by the Department's rescue diver personnel.

The specialists of department took part in the control of the transfer of **170980** liters of diesel fuel to "Bahar" area during the 1st quarter of 2022.

27 letter were sent to **Avtandil Aqayarov**, the chief of "Tornado-S" LTD, in order to get the permission certificates for 2571 employees **and 1023 special machine** to be able to enter the "BEOCL" area, according to points of the contract.

T-cards control was carried out per the established procedure;
Civil defense related activities continued per the approved plan.

• INFORMATION TECHNOLOGIES ACTIVITIES

Within 1st Quarter was no disruption in IT dept.
291 helpdesk requests were processed
Replaced were 3 failed ups on Compressor station
Fixed was problem with Plotter in SS dept.
Web Filter and Anti-Virus licenses have been extended
Replaced was failed computer at Oil processing and delivery office
Fixed were 2 failed computers
The inventory has been completed
Interns in SS dept. were provided with computers and emails
Solved network problem in electricians' office
Installed network in the new warehouse container
Installed Wi-Fi access points in the hallway on the 2nd floor
MMTX deputy manager was provided with computer and email
Fixed issue with large network printer
7 employees were provided with new laptops
The potential investors were provided with access to corporate files
Production slideshow was prepared and posted on TVs
Replaced was failed printer in warehouse
Connected to the corp. network was office on a causeway
App for smartphones (ext. numbers) was tested and ordered
Downloaded Geophysical data from Hasan to the simulation server
Replaced failed printer in MMTIX office
Checked and handled were equipment of resigned personal
The necessary changes have been made to the Greenfields website
All new employees were provided with access cards
All empty cartridges have been replaced
All printers have been checked
All servers checked and backed up.

VIII – PROCUREMENT & MATERIALS: *Reported by Rasul Gafarov*

Procurement Division:

- 238 MRs & SRs Received;
- 218 POs and SOs prepared in SUN System;
- 3 MRs canceled/oh hold;
- 13 MRs & SRs passed to Contract/Tender;
- 57 MRs & SRs under sourcing stage.

Tender contracts placed – 1

BEOCL 10178 CONSTRUCTION OF SEAPORT

Tendered Contracts under process – 1

BEOCL 10178 CONSTRUCTION OF SEAPORT

Tender Packs under waiting for tender opening meeting (TOR) – 1

BEOCL 10178 CONSTRUCTION OF SEAPORT

Tender Packs under evaluation – 0

Tenders under RCA approval – 0

Tender RCAs approved – 0

Tendered Contracts placed – 0

Tendered Contracts under process – 0

Tenders cancelled – 0

Tenders ON HOLD – 0

Number of Active Contracts

- OPS – 29 (incl. 3 services contracts for empl.);
- WO/LOG - 22 (including 9 services contracts for empl.)
- Construction - 23 (incl. 1 services contracts for empl.);
- HSE – 13 (including 1 service contract for empl.);
- G&G – 12 (incl. 2 consultancy contracts & 2 contracts for payment purpose only);
- ADMIN – 18 (incl. 4 service contracts for empl.);
- HR – 5;
- ITC – 13;
- Legal – 17;
- Procurement – 15;
- Finance – 3
- LOGISTICS – 63 (including 14 service contract for bus drivers; 26 – compulsory insurance; 1 – operator of 60t crane; 1 – rigger; 3- minibus driver; 1 vacuum truck driver)
- WH – 2
- Termination of contracts – 3
- Single Source – 0
- Requests for Prolongation of Contracts & Increase Value of Contracts – 0

Materials Division:

- **8,023,138.00 kg** handled without incident;
- WHS received **377 line items** for the amount of **AZN 4,539,687.11**;
- WHS issued **1,158 line items** for the amount of **AZN 3,592,360.46**;
- **152** NCR's raised; **88** NCR's was closed;
- Fuel station received **845,940.00** Liter of Diesel;
- Fuel station issued **842,563.00** Liters of Diesel;
- Fuel balance at April 1, 2022, is **49,852.00** Liters;

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