

**BAHAR ENERGY OPERATING COMPANY LIMITED**

**Monthly Report**

**February 2022**

Contents

EXECUTIVE SUMMARY: .....	2
I - HEALTH, SAFETY & ENVIRONMENT: .....	3
II - PRODUCTION / OPERATIONS:.....	4
III - WORKOVER:.....	7
IV – CONSTRUCTION:.....	9
V – SUBSURFACE: .....	11
VI - FINANCE: .....	13
VII – LEGAL PROCESSAND HUMAN RESOURCES: .....	13
VIII– ADMINISTRATION & SECURITY:.....	14
IX – PROCUREMENT & MATERIALS: .....	16

**EXECUTIVE SUMMARY:** *Reported by the President*

A summary of activities during February 2022 is below:

**a) Health Safety and Environment:**

- No incidents or spills were recorded in February. BEOC issued 44 Permits to Work in February.
- HSE department has been continuously taking preventive actions in the BEOC buildings and main roads against potential Corona Virus infection. Information about COVID-19 vaccination of our BEOCL employees was registered with the authorities and daily monitoring was carried out by the HSE department. In total, 523 employees received 1<sup>st</sup> dose, 523 employees received 2<sup>nd</sup> dose, 351 employees received 3<sup>rd</sup> dose, 5 employees received the 4<sup>th</sup> dose vaccine by the end of February.

**b) Production:**

- Oil production was 546 Bopd, up slightly by 25 Bopd from January 2022, due to ongoing well maintenance.
- Gas production was 17.8 MMcfd, which was up 1.6 MMcfd from January production due to the start of production from BH206 well.
- BEOC also utilized 1.7 MMcfd for fuel gas in Gum Deniz & Bahar operations. The increased gas utilization resulted from delivering gas to sales at higher pressures, which required additional compression fuel.
- Total production of 3,574 BOE/d in February was up 8 percent from prior month but remains 38 percent below the Budget forecast for the month. This shortfall is mainly due to the longer period of the Bahar workovers to reach the deeper target zones. Deep Bahar gas completions were budgeted to come online in Q4 2021 and are now expected to be on production in Q2 2022.

**c) Workovers:**

- In Gum Deniz, workovers in the GD479, GD203, GD474, and GD058 continue, GD716 returning to production
- In Bahar, well BH 165 and BH74 continued fishing and recompletion activities.
- BH 206 was successfully put into production in Horizon VI and has stabilized at 2.37 MMcfd.

**d) Construction:**

- Offshore construction operations continued on the GZU 2, PLT 65, PLT 9/129, PLT 70/106, and PLT 20 in the Bahar field. Work continues with SOCAR Construction Trust to install the production line between the South Gum Deniz platforms 409 and 412 in 2022 when the weather is calmer.

**e) Subsurface**

- The work continues building geo and simulation models for main producing reservoirs in both GD and Bahar fields. Work on a revised Plan of Development was completed and it has been reviewed with SOCAR Upstream at the CMC.

**f) General Management**

- The Bahar S/C meeting was held on February 10, 2022, to review and approve the Proposed 2022 WP&B. Yashar Latif, SOCAR Upstream, also attended the meeting and emphasized the importance of BEOC meeting or exceeding its performance Goals in 2022 and beyond for the Contractor Parties. He introduced Emin Babayev as the new CMC representative for SOA to replace Shaik Bakirov. Emin offered the continued full support of SOCAR to BEOC for the Bahar project. BEOC continues to monitor the Corona Virus situation cautiously, and it is complying with all SOCAR and Ministry directives to ensure a safe workplace for all our employees and contractors.

**I - HEALTH, SAFETY & ENVIRONMENT: Reported by Aslan Bakhishov, Manager of HSE Department**

**a) Summary: HSE:**

- No incident was recorded in February.
- TRIR is 0.00 by the end of February.

**b) Monthly Safety statistics (Lagging indicators) for February 2022**

Month	LTI	Man Hours	TRIR	Incidents (FA, LTI, NM, PD, RT)	PTW
January	0	89632	0	0	55
February	0	79032	0	0	44
<b>Total</b>	<b>0</b>	<b>168664</b>	<b>0</b>	<b>0</b>	<b>99</b>

**Legend:**

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

**c) High Level HSE Comments:** No any incident was recorded during this month.

**d) HSE Activity**

**- HEALTH:**

- Daily monitoring of COVID-19 vaccination status of BEOCL employees was carried out by HSE department. 523 employees (100%) got 1<sup>st</sup> dose, 523 employees (100%) got 2<sup>nd</sup> dose, 351 employees (67%) got 3<sup>th</sup> dose, 5 employees (9%) got 4<sup>th</sup> dose vaccine by the end of February.
- HSE department has been taking preventive disinfecting actions at the BEOC work places against potential Corona Virus infection.
- HSE department performed weekly disinfecting of the company rented buses against potential Corona Virus infection.
- Installed 25 special dispensers for hand sanitizer is regularly controlled and fulfilled by HSE representatives at the BEOCL premises.
- 58 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:**

- Safety inspections of BEOCL sites and work performance were carried out.
- General HSE induction was conducted for 29 newcomers/ visitors.
- In accordance with Local regulations the Health and Safety knowledge evaluation of 22 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.

- Firefighting equipment monthly inspection was provided and reported. Firefighting water pump was tested at the Oil Process and Transportation field.
- Planned inspection of the BEOCL operation sites conducted by the specialists of State Fire Control Service of the Ministry of Emergency Situations.

**- ENVIRONMENT**

- Environmental Statistics for Month/Annual

Month	Spills Number	Spill Volume	Comments
January	0	0	0
February	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Waste segregation process was supervised by HSE department.
- BEOCL sewage water (42 m3) was disposed through Hovsan Sewage treatment plant.
- AR Ministry of Ecology and Natural Resources Caspian Complex Environmental Monitoring Administration (CEEMA) took samples of produce water for analyses (Q1) the amount of oil hydrocarbons in the produced water from discharged point into the sea.

**e) 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 in December:

“Safe usage of transportation” for 25 employees.

Total participants were 25 workers.

**II- PRODUCTION / OPERATIONS: Reported by Alamdar Useynov**

**a) Production year to date is shown in the table below:**

OIL and GAS Production 2022 Budget and Actual																	
Feb-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	76	821	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																	
Q1 Average																	
April																	
May																	
June																	
Q2 Average																	
JULY																	
AUGUST																	
SEPTEMBER																	
Q3 Average																	
OCTOBER																	
NOVEMBER																	
DECEMBER																	
Q4 Average																	

**b) Production – Gum Deniz**

- Production rate of the Gum Deniz field averaged 73 tons/day. Delivery 72 tons/day .

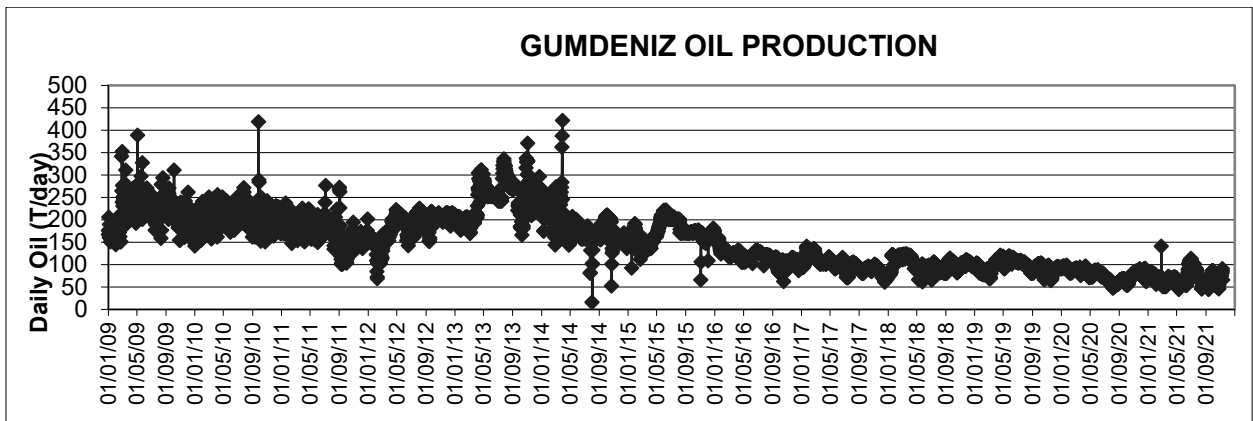
- We did not deliver associated gas during the reporting period, the volume of gas for oil refining and internal demand of compressors was 1,344,000 m3 (48,000 x 28).

The chart below shows the reasons for oil production decrease

Oil Production Rate Differences Between January 2022 and February 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
January 2022	1	2	0	0	6	23	0	0	4	0	0	7	0	0	0	3	6	0	0	0	2	3	2	3	5	4	6	5	1	0	7	0	0	91
February 2022	2	2	0	0	1	21	0	0	5	0	3	0	0	0	0	3	6	0	0	0	4	2	2	4	6	3	5	10	1	0	8	0	0	88
Difference																											-3							

- GD-716 WO started, in progress.
- GD-479 WO was finished. Well was POP.
- GD-430 Schlumberger's ESP was repaired due to a breakdown, and a new Schlumberger ESP was lowered into the well.
- GD-038 As production of well stopped, the well was repaired and POP.
- GD-203 WO operations are underway.
- GD-474 WO operations are underway.
- GD-058 WO operations are underway.

c) Year to Date Production: Gum Deniz



d) Production – Bahar

- Bahar daily gas delivery realized as an average of 478 309 m3/day
- Gas delivery was 16.891 MMcf.

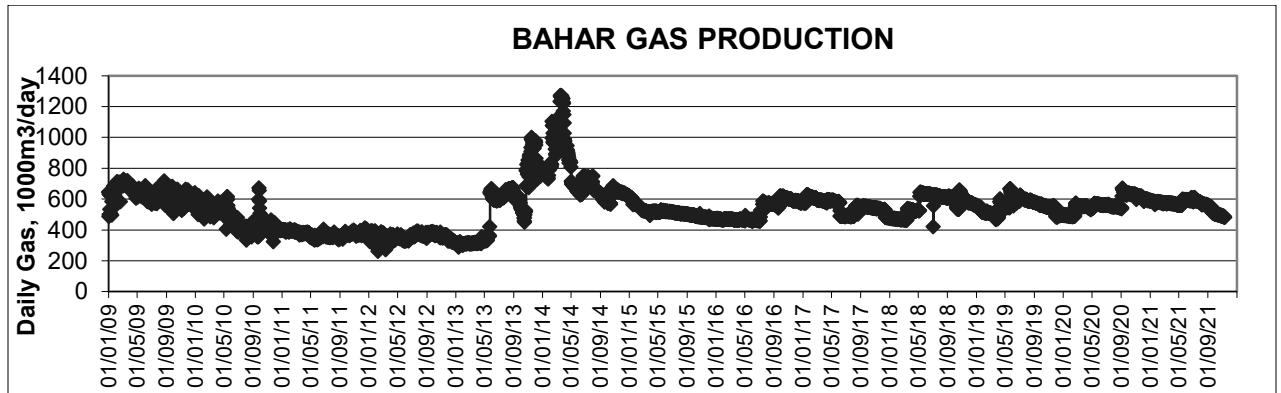
- The chart below shows the reasons for gas delivery decrease.

Gas Production Rate Differences Between December 2021 and January 2022													
Date / Well#	83	140	144	167	169	170	171	175	179	182	205	241	Total, x1000 m3
Desember 2021	31	41	0	17	59	108	30	76	73	1	12	41	487.3
January 2022	22	39	0	23	79	101	1	68	62	1	17	40	453.0
Difference													-34.3

- WO operations are in progress in well No165 at the PLT168 "Bahar" field.
- WO operations are in progress in well No 074 at the PLT 70/106 "Bahar" field.
- Repair works are carrying out at offshore oil&gas collecting Unit No2, PLT48, PLT65 and PLT 9/129 by construction crews.

**During the reporting period, crane vessels such as "Athlete", "Shirvan", "Shklinski" did not work on order.**

### 1. Year to Date Production: Bahar



### 2. Additional Production Works:

- The "Closed System" project, designed to prevent environmental pollution of produced water discharged from process tanks at oil processing & delivery field, is being continued by the Construction Department.
- CS1. and CS.2 20" cooling system between stations is being repaired by the construction department.
- Repair work is being carried out on the 4th machine in CS.1.
- Relocation of gas / liquid metering junction is underway at site 470 belonging to "Gum-Deniz" field.
- In connection with the liquidation of the Gas Distribution Unit in the "Gum-Deniz" field causeway PLT450, 3percent 2.5" gas lift lines were laid from causeway PLT9 to causeway PLT450. Coordination work will continue by the construction department.
- A leak once detected in 12" underwater production line between offshore oil&gas collecting unit No2 and gas processing&delivey field No2 and eliminated by the divers of SOCAR who were clearing out debris from offshore platforms.
- "Bahar" sahəsi DQNYM1-də 12" əlaqələndirici xətdə sızmalar aşkarlandı və tikinti briqadasının köməklili ilə aradan qaldırıldı. A leak was detected on 12" connecting line at offshore oil&gas collecting unit No1 "Bahar" field and was eliminated by construction crew.
- Repair work is underway at 35atm gas pipeline in order to deliver the gas of "BEOCL" Company to Gas Export Department passing through SOCAR 28May OGPU.
- The construction of the gas processing&delivery field No2 Separator Park, designed to separate BEOCL's natural gas and deliver it to the Gas Export Department, is underway.

February 2022	
Name of the operation	Completed Operations
Hot Light Oil and Diesel Operation in wells	26(6 wells)
Fluid level survey	61(11 wells)
SulfanoI treatment in wells	
Salinity measurement in wells	94(29 wells)
Soap stick application in gas wells	-

### III – WORKOVERS: Reported by: Nurlan Gashamli

#### Bahar WO's

- BHR 165 – WO operation ongoing for deep completion at Hor. NKP. Achieved penetration by providing stability of fish below the mill by dumping cement via Wireline. Current TOF at 3998.7m. Continue...
- GD 074 – Total 1450m of tubing fished out from the well. 216m of stuck tubing left in hole to recover. Continue fishing operation...

#### Gum Deniz WO's.

- GD 058 – Successfully completed WO operation for lower completion at Hor. KaS. Logged the well and perforated at 3493.5 – 3497.5m intervals. Put well on production. Monitoring and optimizing the well production;
- GD 479 – Cleaned the well bore from sand via bailer operation. Put well back on production ;
- GD 038 – Cleaned the well bore from sand via bailer operation. Put well back on production;
- GD 716 – The well was cleaned down to 2712m, but due to continues sand and gas in return indications were that casing has a damage with bad cement bond which contributes with sand from behind the casing. Decided to complete the well at up hole Hor. IX;
- Casing scraped to 2578m. Bridge Plug set at 2578m. Cement Plug set on top of BP at 2576.7m. RIH w/ Gas Lift Production String. Will perforate at 2561-2557, 2551-2545, 2517-2513 m (total 14 m) through tubing with 51mm OD TCP.

#### South Gum Deniz WO's.

- GD 430 – Cleaned the well bore from sand down to TD at 3781m. RIH w/ESP Assy. Landed at 1703.01m. Put well back on production;
- GD 413 – Moved the Derrick and Equipment from G430. To eliminate casing leak at 2930 - 2937m via cementing, lowered and tagged sand top at 3200m. Checked for feed rate with no injectivity at 80atm pumping pressure of the casing damage zone at 2930 - 2937m interval. Decided to clean the well bore down to TD and produce the well. Ongoing...

#### Out of Field report.

- Continue coordination of Side Track Project with SOCAR Drilling Trust. Made recommendation for develop stimulation drilling program for G601 ST. Appointed meeting for move forward on financial agreement and contract placement; Arranged site visit to location regarding Drilling Rig and equipment spotting as per sketch requirements. Made necessary order for prep works.
- Continue coordinating orders regarding equipment's:
  - New ADPM truck (steam truck) – 1 set.
  - Power Swivel Unit – 3 sets.
  - Skid base Triplex Slurry Pump – 2 sets.
- Coordinating with ADO-G regarding redness 28m Derrick for B191 well at PL065. Planning to have ready to move by mid. of January;
- Coordinating with IDS Company regarding redness 120tonner Drawwork for B191 well at PL065. Planning to have ready to move by mid. of January;
- Implementing and executing repair and maintenances program for Heavy Equipment assets to support operation without delays. Coordinating purchase and delivery with Procurement team.

**a) Monthly / Annual Workover Statistics**

<i>Month</i>	<i>Workover &amp; Well Service Jobs completed</i>	<i>Number WO &amp; WS Success</i>
January	8	2
February	9	3
<b>Total</b>	17	5

**b) Summary of Workover Activity**

<i>Workover Operations</i>					
<i>Well</i>	<i>Operation</i>	<i>AFE #</i>	<i>Actual Cost</i>	<i>AFE Amount</i>	<i>Difference</i>
BHR 165	Fishing / Recompletion	40-2-165-01-21	284M \$	308M \$	24M \$
GD 074	Fishing / Recompletion	40-2-074-01-21	136M \$	365M \$	229M \$
GD 058	Fishing / Recompletion	40-1-058-01-21	213M \$	295M \$	81M \$

**c) Summary of Well Service Activity**

<i>Well Services</i>		
<i>Well</i>	<i>Operation</i>	<i>Actual Cost</i>
GD 716	Well service / Re-completion.	121.5M \$
GD 413	ESP Replace	20M \$
GD 479	Well service	16.5M \$
GD 430	ESP Replace	28.9M \$
GD 038	Well service	20.9M \$



**IV – CONSTRUCTION:** *Reported by Alamdar Useynov*

**Construction progress report for February 2022**

#	Field/Location	Work Description	Status
	<b>Gum-Deniz</b>		
1	Gum-Deniz, Causeways	In order to re-commission well No. 005, located on location 470 in the island area, which has been out of operation for a long time, temporary put on hold re-installation and connection of "GSU", "Fluid Measurement" junction and "Household gas" separator located in the area preparation of details in the workshop for laying lines.	in progress
2	CS, OGSU-2	Preparation and welding of details of BEOCL's natural gas, re-installed metering junction and input and output lines of 2 new separators for laying of 35 mm gas pipeline from Oil and Gas Extraction Company named after 28 May to Gas Export Department.	in progress
3	Gum-Deniz, Causeways PLT9	Installation of a platform due to spot change of the unit PQ13 located in between the crossroad and PLT9. Carried out the installation of 2 panels 10x10. Completed welding of leaned 10" pipes for reinforcement of the panels. Carrying out works to connect with existing causeway road. Preparatory work for the construction of the building.	in progress
4	CS, OGSU-2	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 Oil and Gas Sep. Field No. 2 in order to reconstruct the separator system. Installation of the armature carcass for laying the 2nd concrete layer. Installation of 232 m <sup>3</sup> concrete admixture has been completed. Making the bottom of the separators in the workshop from 500 mm double-beams.	in progress
5	Gum-Deniz, Causeways, in between PLT235-64	"Gum-Deniz" field, repair works to prepare wells 351 and 352 located in Causeway PLT2 for repair. Work is underway to install a rack around the well to accumulate the platform and pipes.	in progress
		<b>Bahar field</b>	
6	Bahar, GZU-2	The project continues to install 12" fluid and gas lines and supports along the existing bridge direction. Expansion of the existing comb separator area in the south-western part of the working area. Reinforcement of lines from wells in the southern part of the existing work site and installation of a 6x13m size service area. The installation of comb separators and pipe-fitting joints, manufactured and delivered from the workshop, has been completed on the newly installed panels. Connecting new lines with existing	pending

		lines and laying a new technical water line.	
7	Bahar, PLT-65	In order to prepare for the WO of wells 187, 189, 190 and 191 located in the "Bahar" field, PLT 65, and the repair work to be carried out. In the western part of the platform, 8x10x40m metal plates were installed in the area intended as living block. In the eastern part of the working area, 1 Boat Landing was installed and fastened and connected to the floor. Currently, the installation of the underwater of well 189 and the area around the well is underway.	in progress
8	Bahar, PLT-9/129	Installation of 2 metal plates in PLT9/129, initial supply of materials and installation of a footing area for hanging Boat Landing in the southern part. Temporary transfer of workers to the offshore platform by crane-vessel.	in progress
9	QD, DSP-48	Preparation of well No145 for WO in PLT48. Installation of a sliding section on the north and south sides of the metal plate to slide the derrick over wells 144 and 145 has been completed. Assembling of the underwater supports of well No146 and the area around the well.	in progress
10	Bahar, PLT-70/106	Moving the equipment and living quarters from PLT BH175 to BH160/70. Repair and installation works on the well#74 at PLT BH106/706 for preparing well to WO operations were completed. Well and existing production line connections and manifold lines are expected to be installed.	in progress
11	OGSU-1	Carrying out works to increase the durability of existing lines and connecting bridges in offshore oil & gas collecting Unit No1.	in progress
12	DSP-409	The 6" underwater production line developed by SOCAR Oil / Gas Construction Trust was transported to its destination and successfully immersed in water between Plt409 and Plt412. In PLT409, 6" vertical supports were fastened and connected by 2 clamps. Work will be carried out to connect with the existing 8" line.	in progress
13	DSP-412	Immersing of newly installed 6" production line between PLT409-412 in the water has been completed. Carrying out of work on fastening and connection of 6" vertical supports in PLT4 by 2 clamps.	in progress

### 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 commenced, continues	in progress
2	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. Preliminary preparations for the installation of corrugated sheet metal.	in progress
3	Welding and setting up works in the Fab. shop have been started on the cable spooler used during WO operations (POOH & RIH) at ESP wells of Gum-Deniz field."	in progress

4	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
5	Installation of new oil traps for oil separation and construction of pump station at Oil Prep. & Transportation area.	in progress
6	Installation and connection works completed 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. Work is on-going on cutting of old unused lines and installation of additional pipe supports on the existing water line on-going	in progress
7	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 oil & gas collecting & delivery field.	in progress
8	Installation and coordination of 4pct 10" new supports on the causeway between crossroads and crossroads causeway PLT9 for the repair of emergency supports has been completed. In addition, the coordination and installation of 2 new piles were completed. In addition, 1pct of 10 " support was installed.	in progress
9	In connection with the repair of the emergency support of causeway PLT16 and PLT208, work is underway to install and connect the supports from 3pct 10" pipes.	in progress
10	Inv No2 located in the area of 2000m3 oil tanks of Oil comp prep&delivery field. Repair work of demulsification furnace number 2291.70% of work was done.	in progress
11	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
12	Inv No2 located in the area of 2000m3 oil tanks of Oil comp prep&delivery field. Repair work of demulsification furnace number 2291. 65% of work was done.	in progress
13	Carrying out preparatory work for WO and POP of well No58 in "Gum-Deniz" field. Installation of fluid and gas lines.	in progress
14	"Gum-Deniz" field, repair works to prepare wells 351 and 352 located in Causeway PLT2 for repair. Work is underway to install a rack around the well to accumulate the platform and pipes.	completed

**V– SUBSURFACE:** *Reported by Alamdar Useynov*

**Workover Programs prepared**

- B-167 RIH and perform , QR/NGL ( 3769-3590m m) logging. Further operations will be planned according to NGL results.
- B-205 RIH and perform , QR/NGL(3700-3970m) logging. Further operations will be planned according to NGL results.
- GD-038 Inject 6m3 hot diesel through center. Add 200m to the tubing string.
- GD-038 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.

- GD-058 POOH tubing from 3480m, stopped at 3450m. Logging GR/CCL, perforate with 43mm spiral guns at 3499-3493m interval in horizon KaS. POOH tubing string from 3450m. Run 2000m 2 7/8" tubing with gaslift valves.
- GD-413 POOH tubing, RİH 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.
- GD-465 POOH tubing with gaslift valves. RİH 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.
- GD-716 RİH scraper 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.

### **Wells completed**

- B-074 Fishing/Recompletion. Ongoing. Expected free gas rate is 50 Mm<sup>3</sup>/d from B\_VII f/u. Actual cost 136 M \$.
- B-165 Fishing/Recompletion. Ongoing. Expected free gas rate is 39 Mm<sup>3</sup>/d B\_X f/u. Actual cost 284 M \$.
- GD-058 Fishing/Recompletion. Ongoing. Expected oil rate is 4 ton/d PK horizon. Actual cost 213 M \$.
- GD-716 Recompletion. Ongoing. Expected oil rate is 4 ton/d from IX horizon. Actual cost 121.5 M \$.
- GD-413 ESP Replace. Ongoing. Actual cost 20 M \$.
- GD-430 ESP Replace. 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. Actual cost 28.9 M \$.
- GD-479 Well Service. Well produces 8 ton/d oil and 60 ton/d water. Actual cost 16.5 M \$.
- GD-038 Well Service. Well is under monitoring. Actual cost 20.9 M \$.
- GD-465 Well Service. Expected oil is 2 ton/d oil from horizon PK. Actual cost 2.7 M \$.

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

### **Cased-hole logging:**

GD-58 GR/CCL (2 times)

### **Interpreted logs from GGI:**

- **GD-601** sidetrack – site cleaning and preparation for sidetrack is ongoing. Work program finalized and sent to CDWT for signature.

### **Reservoir Engineering**

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

- 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.
- Working with SOCAR's Oil & Gas Science and Research Institute to study the feasibility of FL from Paraffin – Depressant NDP1, Salts/Scales – Inhibitor NDI1.
- GumDeniz PK and KaS horizon simulation model history match in progress.
- 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 and monthly Production follow up database.

<b>February 2022 Planned and Actual Production Comparison</b>			
	<b>Plan</b>	<b>Actual</b>	<b>Difference</b>
<b>Oil and Condensate, tons</b>	<b>2938.295</b>	<b>2041.848</b>	<b>-31%</b>
<b>Free Gas, Mm3</b>	<b>22136.329</b>	<b>17355.468</b>	<b>-22%</b>
<b>Solution Gas, Mm3</b>	<b>2208.660</b>	<b>1460.352</b>	<b>-34%</b>

### **Seismic:**

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

**VI- FINANCE:** *Reported by Rasul Gafarov*

### **On a Monthly Basis:**

Completed Jan-22 accounting cycle in accordance with the monthly schedule.

According to JOA issued Jan-22 Monthly reports to Contractor Parties.

According to JOA Feb – Mar-22 Cash Calls distributed to Contractor Parties.

Issued Jan-22 Additional Monthly reports to Contractor Parties.

Issued and distributed Jan-22 Monthly departmental cost reports to Budget Holders / Department Managers.

Issued and submitted following Jan-22 monthly as well as quarterly reports to government bodies: VAT, consolidated tax report on employment and statistical reports;

Prepared and submitted monthly Jan-22 Financial Highlights report to the Management.

### **On an Annual Basis:**

Continue preparation for 2021 annual Audit of below shown reports and actions:

- BEOC Cost Recovery Report;
- BEL Profit Tax Return;
- GPI IFRS report

**VII- LEGAL PROCESS AND HUMAN RESOURCES:** *Reported by Ahmadiyya Musayev*

**Legal, Compliance, Document Control & Translation issues**

- Contractual drafting and review work continued working on various contractual documents, including finalizing MoU and Term Sheet with SDT;
- Exchanges were held with AzerKontract and necessary revisions were made to draft Gas Sales Agreement for finalization;
- Cooperation was maintained with SOCAR Upstream;
- Legal support was provided within the employment contract termination process;
- Information inquiry from the Labor Inspectorate was addressed with respect to employee complaint;
- Residency permit application package was submitted to the State Migration Service of Azerbaijan for the Rep Office President;
- 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;
- 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;
- Document control function covering both internal and external correspondence, and maintenance of archive was performed;
- Verbal and written translations support was ensured.

#### **HR issues**

- Use of the outstanding vacations was monitored.
- Structural change and employee transfer orders were prepared and issued.
- Employment Agreements of 7 employees were terminated.
- Employment Agreements were signed with 1 new employee.
- To be expired contracts were followed up and management was updated.
- Overall 387 HR related operations have been made through this month.
- Organizational structures have been updated as per last changes.
- 105 vacations and 47 bulletins have been written and entered to the HRB system.
- Review and revisions of current job descriptions was ongoing.
- Review of employee personal files continued.

#### **VIII– ADMINISTRATION & SECURITY: *Reported by Ahmadiyya Musayev***

- According to relevant orders necessary goods were taken from the Central Warehouse and distributed to the necessary structural units.
- Water meter readings are monitored:
  - o Gas compressor 31.01-28.02.2022 830.00m<sup>3</sup>
  - o Water distribution point 31.01-28.02.2022 716.00m<sup>3</sup>
- The gas meter reading is monitored:
  - o Access Control Point #1 31.01-28.02.2022 1316.44m<sup>3</sup>
- Necessary MRs (Materials Requests) and SRs (Service Requests) were prepared:
- Monthly reports on turnover goods and materials, low-value goods and write off acts as well as low-value goods use acts were prepared.

- BE-0824 inv. LG air conditioner was transferred from the Oil production field to the balance of the Management Office (Act No. BE-0020 22.02.2022);
- On transportation of goods:
  - o Furniture transportations were done;
  - o Due to the need in the medical center, 1 ea document cabinet (for storing medicines), was moved from the empty room of the operating department to the Medical Center on 15.02.2022;
- Door panels for rooms have been ordered and will be installed;
- The ceiling and walls were repaired;
- Water leaking from the ceiling of the men's sanitary was investigated, measures were taken to prevent it;
- 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 1<sup>st</sup> and 2<sup>nd</sup> quarter stopped, the stationery available in the Warehouse is used sparingly;
- It is expected to purchase an automatic valve (fujer) ordered for the boiler house;
- Monitors were placed with content oil and gas production and the success of the country and the company;
- Technical inspections in the rooms and offices belonging to the Representative Office were carried out, an inspection of the rooms and offices, supervising the cleanliness and tidiness of the offices, rooms and around the main office were performed.
- Monthly timesheets for the Administrative contractors have been prepared;
- The gas equipment, gas pressure, temperature of the gas controlled, when the weather is hot the gas pressure reduces, dirty water is removed from the gas regulation of the tank which is located at site 470, the manometers in the inlet and outlet gas lines are in control in the boiler house daily.
- Operations of the canteen are being supervised.

#### **a) Security & Civil Defense activities**

- 102 one-time permissions were issued for 122 people and 83 vehicles entered BEOC premises based on the requests received.
- Records in the logbook of 829 employees who left for Bahar (working per shift) were maintained and their availability at work was checked during the current month.
- Deployment of employees (working on shifts) to Bahar field on vessels was accompanied on 04, 06, 11,16,22,25 days of the current month by the Department's rescue-diver personnel.
- 6 letters were sent to Avtandil Aqayarov, the Chief of "Tornado-S " LTD, to get permission certificates for 306 employees and 41 special vehicles to be able to enter the "BEOCL" area, according to terms of the contract.
- On 07.02.2022, the specialists of department took part in the control of the transfer of 170980 liters of diesel fuel to "Bahar" area.
- T-cards control was carried out per the established procedure.
- Civil defense related activities continued per the approved plan.

#### **b) Information Technologies**

- Within February was no disruption in IT dept.
- 95 helpdesk requests were processed
- 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
- Two employees were provided with new laptops
- The potential investors were provided with access to corporate files
- Production slideshow was prepared and posted on TVs
- Tested and accepted equipment of resigned personnel
- All empty cartridges were replaced
- All printers have been checked
- All servers checked and backed up.

#### **IX– PROCUREMENT & MATERIALS:** *Reported by Rasul Gafarov*

##### **Procurement Division**

- 48 MRs & SRs Received;
- 49 POs and SOs prepared in SUN System;
- 1 MR canceled/oh hold;
- 2 MRs & SRs passed to Contract/Tender;
- 59 MRs & SRs under sourcing stage.

##### **Tendered Contracts under process – 1**

- BEOCL 10178 Construction of Seaport

##### **Number of Valid Contracts**

- OPS/WO/LOG – 28 (4 services contracts for empl.);
- Construction - 30;
- HSE – 14 (including 1 service contract for empl.);
- G&G – 13 (incl. 2 consultancy contracts & 2 internship program);
- ADMIN – 19 (incl. 4 service contracts for empl.);
- HR – 5;
- ITC – 12;
- Legal – 17;
- PM – 17
- Finance – 3;
- Logistics – 65 (including 14 service contract for bus drivers; 26 – compulsory insurance; 1 – operator of 60t crane; 1 – rigger; 3-minibus driver )
- WH - 2



Number of addendums/extensions – 11  
Termination of agreements - 2

**Materials and Handling Department:**

- **3,199,062.00 kg** handled without incident;
- Handling division received 164 materials transfer request
- WHS received **48 PO's, 324 line items** for the amount of **AZN 1,163,719.50**;
- WHS issued **460** line items for the amount of **AZN 1,206,330.78**;
- **54** NCR's raised; **13** NCR's was closed;
- Fuel station received **313,372.00** Liter of Diesel;
- Fuel station issued **351,461.00** Liters of Diesel;
- Fuel balance at March 1, 2022, is **101,567.00** Liters;

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