

BAHAR ENERGY OPERATING COMPANY
QUARTERLY REPORT

2nd Quarter - 2021

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EXECUTIVE SUMMARY: *Reported by the President*

A summary of activities during Q2-2021 is provided as follows:

a) Health Safety and Environment:

- In Q2, there were no TRIR's and no other incidents. BEOC's TRIR is 0.28 as of the end of June. In Q2 177 PTWs were issued. Environmentally no spills were reported.
- 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 302 employees received their 1st dose and 238 employees received 2nd dose vaccine by the end of June.
- BEOC is working hard to have all employees vaccinated with one shot by September 1, 2021.

b) Production:

- In Q2 2021 oil production was 525 Bopd, with is the same as Q1.
- Gas production for the quarter was 20.9 MMcfd, which was up slightly from Q1 gas production.
- BEOC also utilized 3.9 MMcfd for fuel gas in Gum Deniz & Bahar operations. The increased gas utilization resulted from delivering gas to sales at higher pressure, which required additional compression fuel.
- Total production of 3,901 BOE/d in June was 16 percent below the Budget forecast for Q2.

c) Workovers:

- In Gum Deniz, workovers in the GD 601 and GD502 continue with the GD475, 418, 716, 412, 445, 465, 478, 297, 479, 430 and 413 wells completed and returned to oil production.
- In Bahar, well BH 196 and 165 continued fishing and recompletion activities.

d) Construction:

- Offshore construction operations continued on GZU 2, PLT 20, and PLT 70/106 in the Bahar field. Continued laying 10" gas transmission pipeline connected to the 35 atm main line where BEOCL natural gas is transported from SOCAR Oil & Gas Production Dept. after 28 May to Gas export dept

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 is finishing and it is being reviewed with SOCAR. The draft Amended Development Programme will be recommended to the CMC in September.

f) General Management

- Preparations for the 2022 WP&B are underway and a CMC meeting is scheduled for September 7th. 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 Nuslet Safarov*

a) HSE statistics

	LTI	Man Hours	TRIR	INCIDENTS (FA,LTI,NM, PD,RT)	PTW
1 st Quarter	0	360468	0.55	1	137
2 nd Quarter	0	348337	0	0	177
Total per year	0	708805	0.28	1	314

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 2nd Quarter – 2021 – No incident was recorded during 2nd Quarter.

c) HSE Activity

- HEALTH:

- Information about COVID-19 vaccination of BEOCL employees was registered and daily monitoring was carried out by HSE department. 302 employees got 1st dose and 238 employees got 2nd dose vaccine by the end of 2nd Quarter.
- HSE department has been taking preventive disinfecting actions at the BEOC work places against potential Corona Virus infection.
- Before commencing crew change operation for the offshore staff BEOCL organized testing employees for COVID-19 to be confident about health condition of workers.
- 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.
- 125 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.
- Periodical medical check-up was arranged for BEOCL employees at the “Gum-Deniz” Island. 656 employees have already passed through periodical check-up by the end of 2nd Quarter.

- SAFETY:

- Technical inspection of the BEOCL activities conducted by the specialists of State Agency for Safe Working in Industry and Mountain-Mine Control of the Ministry of Emergency Situations.
- General HSE induction was conducted for 34 newcomers.

- 15 Safety inspections of BEOCL sites and work performance were carried out.
- 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 130 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.
- Technical inspection of the BEOCL activities conducted by the specialists of State Agency for Safe Working in Industry and Mountain-Mine Control of the Ministry of Emergency Situations.

- ENVIRONMENT:

- Environmental Statistics for 2nd Quarter 2021

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

Environmental protection:

- Waste segregation process was supervised by HSE division.
- BEOCL sewage water was disposed through Hovsan Sewage treatment plant.
- Representatives of the Caspian Complex Environmental Monitoring Department of the Ministry of Ecology and Natural Resources conducted monitoring on produced water management and other environmental issues at the BEOCL operation sites.
- Specialists of SOCAR Environmental Department and the Ministry of Ecology and Natural Resources of the Republic of Azerbaijan conducted environmental monitoring at BEOCL production sites in accordance with the Monitoring Schedule for 2021.

d) Training and other activities:

As a part of HSE assurance plan 2021 Safety Stand down Meetings were conducted at the BEOCL worksites in the following themes:

- “Safe offloading operations” for 29 employees;
- “Safe welding and grinding operations” for 55 employees;
- “Working at height” for 40 employees;
- “Safe and correct usage of PPE and CPE” for 27 employees ;
- “Safe transportation, loading and handle comprised gas cylinders” for 8 employees.

Total participants were 159 workers.

II - PRODUCTION / OPERATIONS: *Reported by Ali Iskender Gurbanzadeh*

a) Oil and Gas Production Statistics in Gum-Deniz & Bahar fields through 2nd Quarter of 2021:

OIL and GAS Production 2021 Budget and Actual																		
Jun-21	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	79	7.52	591	80	598	90	666	596,055	21,049,682	3,787	574,092	20,274,059	3,647	728,000	25,709,320	4,625	4,238	5,291
February	65	7.53	486	70	530	93	688	589,044	20,802,089	3,742	559,874	19,771,950	3,557	726,000	25,638,690	4,612	4,043	5,300
March	58	7.58	439	59	447	94	696	584,848	20,653,907	3,715	552,837	19,523,439	3,512	767,000	27,086,605	4,873	3,951	5,568
Q1 Average	67	7.54	506	70	525	92	683	589,982	20,835,226	3,748	562,268	19,856,483	3,572	740,333	26,144,872	4,703	4,078	5,386
April	69	7.54	517	69	520	93	688	578,516	20,430,293	3,675	543,913	19,208,288	3,455	797,000	28,146,055	5,063	3,972	5,751
May	59	7.51	443	60	447	59	437	589,893	20,832,071	3,747	528,386	18,659,952	3,357	568,000	20,058,920	3,608	3,800	4,045
June	70	7.49	525	81	609	70	520	606,061	21,403,044	3,850	536,300	18,939,435	3,407	582,000	20,553,330	3,697	3,932	4,217
Q2 Average	66	7.51	495	70	525	74	548	591,490	20,888,469	3,758	536,200	18,935,891	3,406	649,000	22,919,435	4,123	3,901	4,671
July			0		0		0								0	0	0	0
August			0		0		0								0	0	0	0
September			0		0		0								0	0	0	0
Q3 Average			0		0	0	0							0	0	0	0	0
October			0		0		0								0	0	0	0
November			0		0		0								0	0	0	0
December			0		0		0								0	0	0	0
Q4 Average			0		0	0	0							0	0	0	0	0

b) Additional works:

(Q2) 2021	
Name of operation	Completed operation
Hot light oil operation in wells	8
Fluid level survey	257 (in 17 wells)
Sulfanol treatments in wells	1 well
Salinity measurements in wells	34
Soap stick application in gas wells	

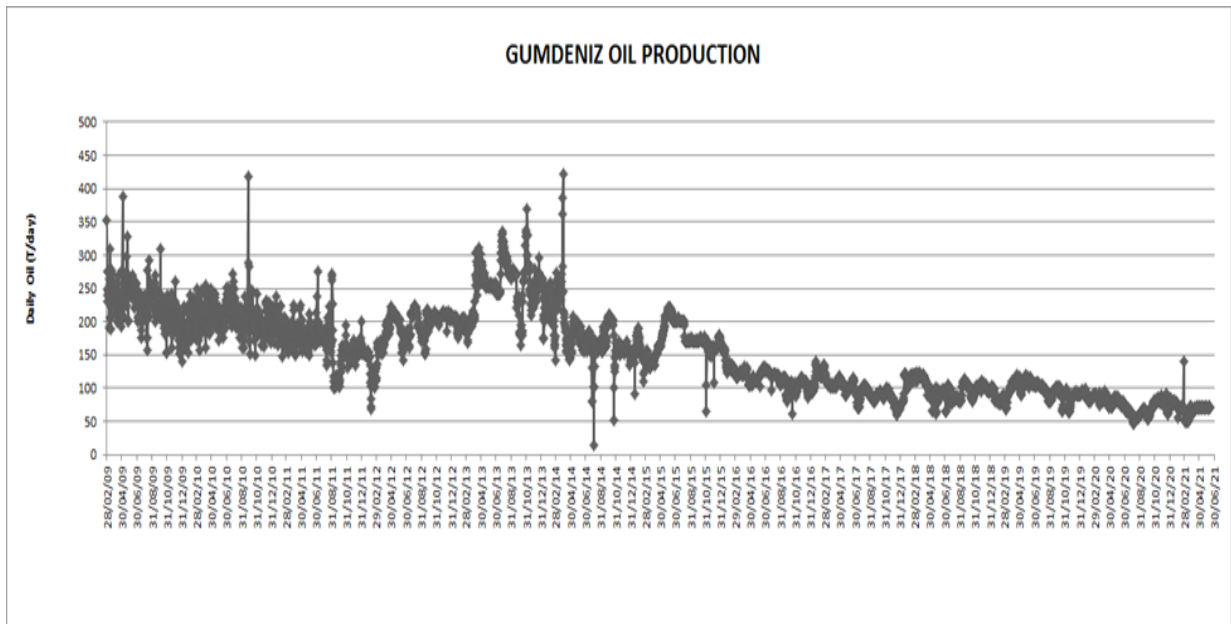
Comments: Oil Production at Gum-Deniz Field during the (Q2) 2021

#	Gum-Deniz field
1	Quarterly average daily production rate at Gum-Deniz field was 70 ton/day, 525 Bopd.
2	During the reporting period after WOs, following wells of Gum-Deniz field were recompleted: GD.475; GD.418; GD.716; GD.412; GD.445; GD.465; GD.478; GD.297; GD.479; GD.430; GD.413
3	WOs on-going in the following wells: GD.601; GD.502

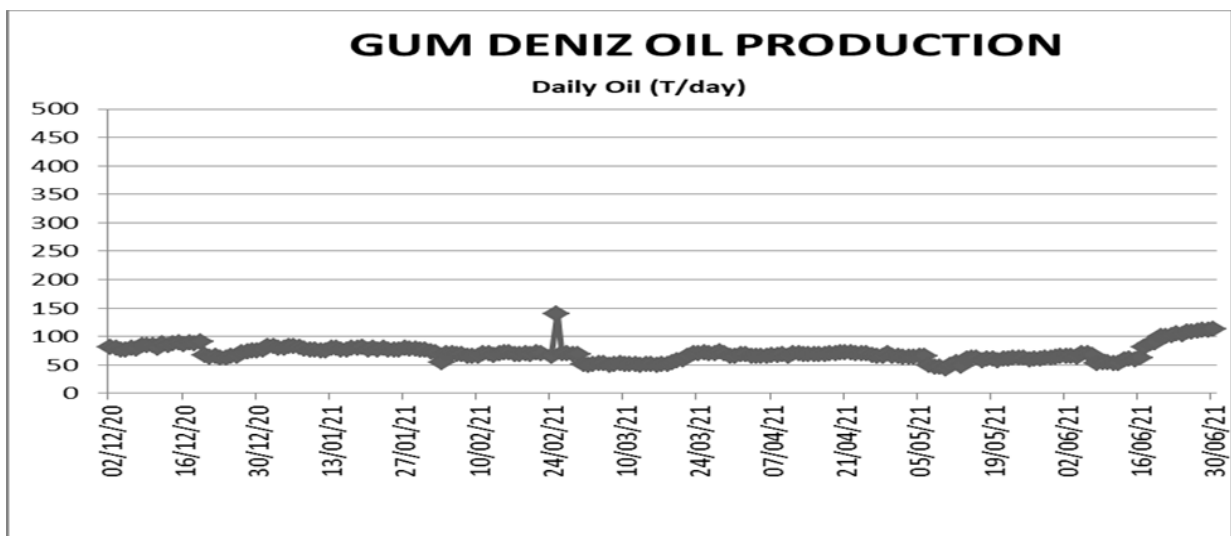
During the reporting period decrease in the production of the wells were observed as follows:

Oil Production Rate Differences Between 1st and 2nd quarter 2021																																		
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
1th quarter 2021	1.1	2.2	1.0	0.0	3.9	18.0	3.5	3.9	4.4	0.0	0.0	8.5	0.0	0.1	1.7	3.0	1.9	0.0	2.6	1.2	0.5	2.6	1.9	3.2	5.5	0.0	3.0	5.0	1.8	0.7	7.1	0.9	1.0	90
2th quarter 2021	1.1	2.6	0.8	0.0	4.0	16.5	1.3	1.9	7.5	0.0	2.0	4.7	0.0	0.0	0.3	3.1	1.7	0.0	1.4	1.2	1.1	2.2	1.5	3.3	4.6	2.0	4.2	8.6	1.7	0.0	6.7	1.7	0.6	88
Difference																											-1.80							

c) Monthly Production Graphic for Gum-Deniz field:



d) Oil Production for Last Six Months:

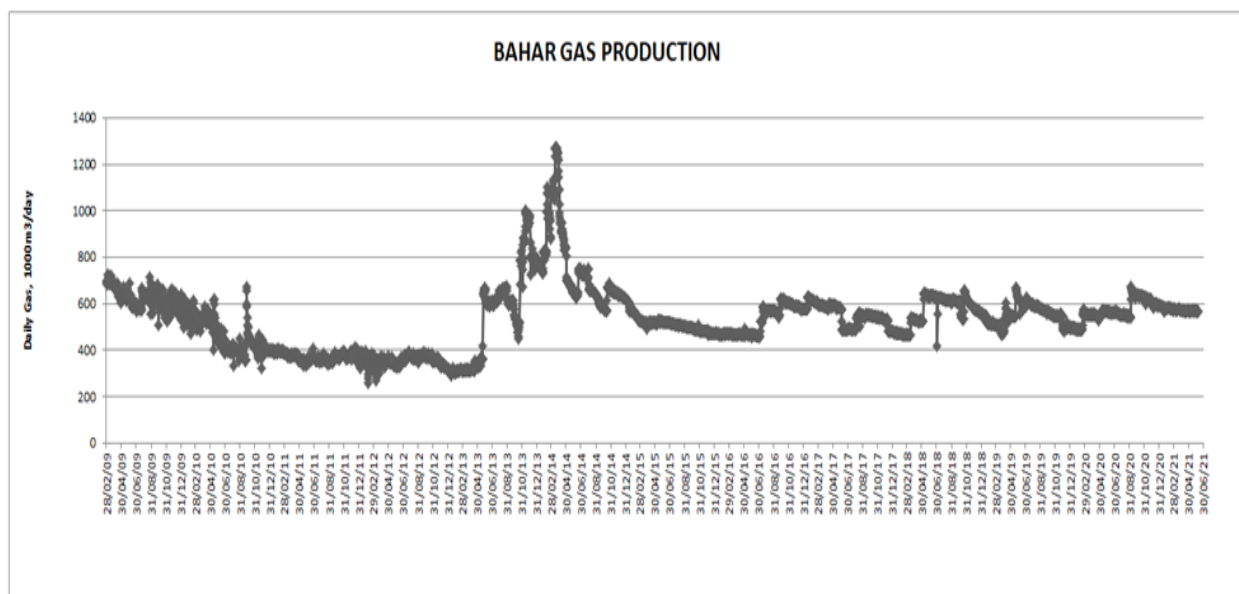


#	Bahar field
1	Quarterly average daily gas production rate at Bahar field was 591 490 m3/day, 20.89 MMcf . In comparison with the 1-st quarter of 2021 0,05 MMcfd increase observed.
2	WOs on going in the following wells: B.196, B.165
3	Construction-repair works are on going on the following PLTs: GZU.2; PLT020; PLT70/106;

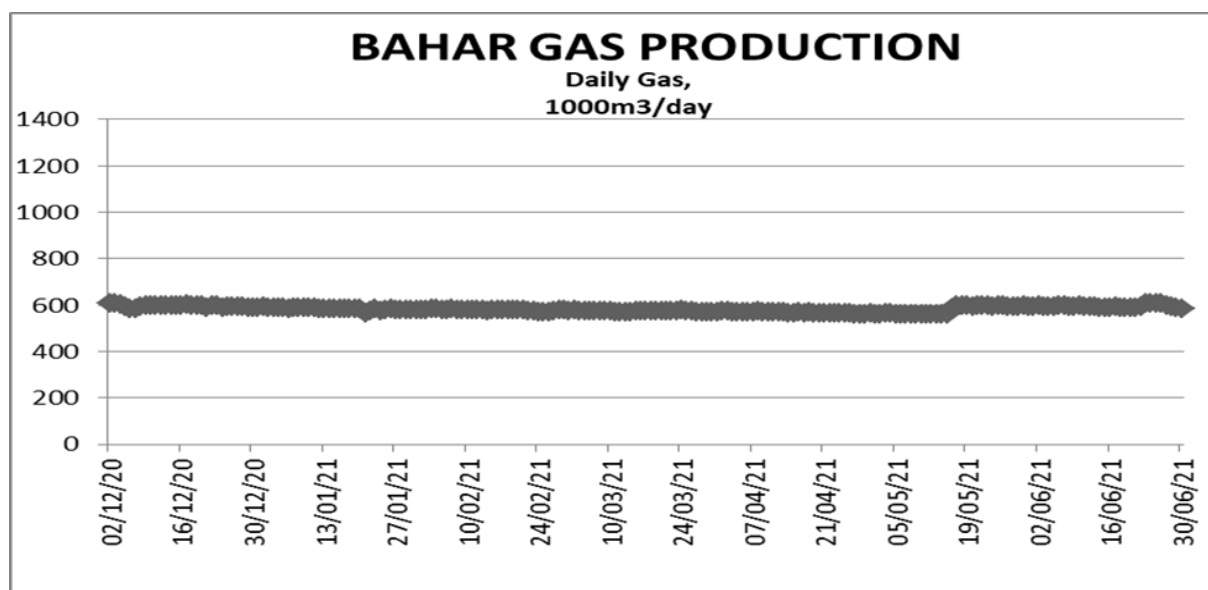
During the reporting period increase in the production of the wells were observed in the following manner:

Gas Production Rate Differences Between 1st and 2nd quarter 2021													
Date / Well#	083	140	144	167	169	170	171	175	179	182	205	241	Total, m3
1th quarter 2021	34000	48000	3000	43000	94000	116000	38000	77000	75000	1000	15000	44000	588,000
2th quarter 2021	35000	47000	20000	36500	87000	114000	37000	76000	75000	1000	16500	43500	588,500
Difference													500

e) Monthly Gas Production Graphic for Bahar field:



f) Gas Production for the Last Six Months:



g) 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	454							
Pulling Units serving for WO	9	2827.5	2827.5	243				
Stationary Type Pump (V-12)	1	78	78	9				
Stationary Type Pump (V-16)	1							
Drawwork (QBQ-120)	2	1305.5	1305.5	26				
Mobile Boiler Truck (Consisting of two parts)	1	16	16					
Cement Trucks serving all BEOC Departments	11	6900	789	616	77			
Water Tank Trucks of Autotransportation Workshop	3	1352	183.5	117	11297			
Other vehicles of Autotransportation field	7	2776	290.7	92	3208.2			
Fire trucks	3			3				
Additional repairs of Transp.field				4				
Number of Trucks put back into service after a long term repair works								
Rented Heavy duty trucks						40/430,5	7/months	50/170

Auto-transportation field Logistic Report for Lifting Operations			
01.04-30.06			
Months	Orders	Weight (kg)	Hours
GENERAL	<u>Total: 382</u>	<u>Total: 4402000</u>	<u>Total:1495</u>

MARINE TRANSPORTATION REPORT								
	DAYS	PASSENGER NO		TONNAGE	INCIDENT	REPAIR	SAILING	CANCELLATION
		OUTBOUND	INBOUND					
ULLUCHAY	52 days			3,256,607 kg	NO		TOTAL-126	TOTAL-28
MAGIC-1	52 days	937	977		NO			
XEZER-3	6 days			642.000 kg water	NO			
SHIRVAN	2 days			539,000 kg	NO			
OM	1 day			129,748 litr diesel fuel	NO			
YARENQA	1 day			102,588 litr diesel fuel	NO			
ZERDAB-3	3 days				NO			
KESON	7 days				NO			
ORION-26	2 days				NO			

"Şıxlinski" crane vessel activity
<p>Took onboard from "Zira" port the 28m derrick & 60 tonner crane (90-k-924 reg.num). Put 1ea 10x10 panel, 1 ea QBQ-160 pulling unit (drawwork) and unloaded from board 28 m derrick over the well 74 at PLT70/106.</p> <p>Unloaded 60 tonner crane (90-k-924 reg.num) on PLT65. Took on board 25 ton crane (99-VX-490 reg.num) & unloaded it over the PLT70, then has left Bahar field.</p> <p>2. Took on board 2 ea pumps, 2 ea diesel gensets, 2 ea pipe racks, 1 ea manifold, 1 ea separator, 4 ea connecting beams, 109 jts of misc size/dia tbg belonging to WO and living shacks from PLT2 Gum deniz field,</p>

h) Electrical Division:

POWER/ELECTRICITY COST by QUARTER 2021

ACTIVE ENERGY					
LOCATION	I quarter	II quarter	III quarter	IV quarter	TOTAL
GumDeniz - Field	2,003,000	1,588,500			3,591,500
Compressor station 14	208,000	218,600			426,600
Compressor station 1	956,000	968,500			1,924,500
Compressor station 2	1,502,000	1,527,200			3,029,200
Avtomotika	19,200	16,600			35,800
Electric workshop	20,000	18,500			38,500
Oil Process	250,000	243,200			493,200
5000 area	341,000	263,000			604,000
Gas Process	19,335	12,758			32,093
Workover	82,687	76,460			159,147
Offices	108,161	98,395			206,556
Transportation	104,020	93,557			197,577
Laboratory	38,074	32,846			70,920
Construction	110,180	101,947			212,127
Water supply	460	323			783
TOTAL kWatt	5,762,117	5,260,386	0	0	11,022,503
TOTAL - AZN	439,484	401,216	0	0	840,699
COST AZN/kwatt					
	0.076271187				
REACTIVE ENERGY kVAR	2,558,006	3,295,827			5,853,833

i) WORKOVER:

- General Highlights for 2nd quarter:

Summary WO's Bahar Q2:

- Continue fishing operation at B196. 326 joints of 2-7/8" LH DP out 427 recovered from well. Work on progress.
- Continue fishing operation at B165 with positive progress. By successful fishing operation current TOF made at 3174 from 2296m.
- As per BH Field WO plan, new derrick and new drawwork was mounted on B074 at PL 070. Getting ready for WO operation.

Summary WO's South Gum Deniz Q2:

- High water cut zone isolation implemented at G418. Well successfully returned to production.
- Well services executed at G412, G430 and G413.

Summary WO's Gum Deniz Q2:

- Critical well intervention was greatly executed at G601. Cementing of non—productive perforation zone provided at 100 atm stable pressure. Successfully milled stuck 2-7/8" tubing off completely within 4-1/2" liner casing. Well bore was returned back to lower productive zones. Well testing continues.
- High water cut zone isolation implemented at G465. New zone perforation and recompletion completed successfully. Well returned back to production.
- Well interventions and well services executed in G478, 716, 479, 297 wells. Those are back on production.

Out of Filed.

- Released Tender request for 2 each VS 28x100 tonner derrick. One of the Derricks design adapted to PLT 2 wells surface structure with idea of having heavy Rig on the well for future planned well WO / Intervention.
- Coordinating WO Tubular Tender technical details with Threeways Steel Co.LTD.

a) Quarter Workover Statistics

Month	Total WO OPEX completed	Total WO CAPEX completed
April	12	4
May	10	5
June	8	5
Total	30	14

III – CONSTRUCTION: *Reported by Ali Iskender Gurbanzadeh***CONSTRUCTION PROGRESS REPORT Q2 2021**

#	Field/Location	Work Description	Status
Gum-Deniz			
1	Gum-deniz, OGSU-2	Based on the project, BEOCL Representative Office in the Republic of Azerbaijan works on reconstruction of the separator system, to improve the quality of sales gas from Bahar field in GZU # 2. Carry on with 12" piles hammering over the prepared area.	in progress
2	Gum-Deniz, Causeways	In order to install 10x10x600mm metal panels at PLT209, mounting of 1st, 2nd & 5th panel was done, welding of the frame and intermediate sections using 60B2 and 40B2 i-beams for installation of next 2nd 10x10x600mm panel is on going.	in progress
3	Gum-Deniz, Causeways PLT8	Hammering 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.	in progress
4	Gum-Deniz, OGSU-2	Hammering piles made of 10" pipes, welding and mounting of 10" pipes for laying gas transmission line connected to the 35atm main where BEOCL natural gas is transported from Oil & Gas Production Dept. after 28 May to Gas export dept. Totally installed 22 ea of 10" pipes and 26 welding joints were made	in progress
5	Gum-Deniz, OGSU-3	Fabrication of concrete pipeline supports for 35 atm gas line for natural gas delivery by BEOCL to OGP Dpt. after 28 of may. 72 supports were fabricated totally.	in progress
Bahar field			
6	Bahar, GZU-1	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 south-western 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, is ongoing on the newly installed panels.	in progress
7	Bahar, PLT-20	Carrying out repair-maintenance works for preparation of well206 on PLT20 for WO at Bahar field. Completed assembling of 4th metal sheet. Installation of new boatlanding.	in progress
8	Bahar, PLT-48	Carrying out repair-maintenance works for preparation of well145 & 146 for WO at PLT48 Bahar field,	in progress
9	Bahar PLT-64	Moving the crew to carry out repair-restoration works to prepare wells 187, 189 & 191 for WO at PLT65 Bahar field. Repair of boatlanding on he west of workflow.	in progress
10	Bahar, PLT-70/105	Repair and installation works over the well#74 at PLTBH 106/706 preparation for WO operations. Installation of 3rd 10x10x600mm metal sheet	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 been suspended	suspended
2	Installation of support roofing beams fabricated in the workshop made of 2.5" pipes, on the roof of C-D(2 items) and B block of Administration bld. Installation of prefabricated beams and installation of wooden supports. Roofing cover and rain water drain system mounting completed.	completed
3	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
4	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
5	Hammering of piles made of 10" pipes and connecting works to repair damaged parts at the front part area of PLT66 & vehicle path. 9 ea piles were hammered and completed 400mm steel beam connecting works. In addition, new piles will be hammered in the eastern part of the hammered piles.	in progress
6	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
7	Repairs is carried out on corroded pipeline supports of 20" production pipeline along the causeway. Works on going	in progress
8	Carrying out preparation work for cutting and transportation of unusable equipment on site due to WO of wells 351 and 352 located at PLT 2 on the causeway.	in progress
9	Repair of rooms at the second floor of Admin. Bld. C-D & B block	in progress
10	Construction of new oil trap for separation of oil at Oil Prep. & Transportation area, covering with metal sheet of rooms' flooring and walls base . fencing of pumping st. completed.	in progress
11	Completed recovery and repair of 4 hangars side walls and roofing at Central WHSE.	completed

IV – SUBSURFACE: *Reported Ray Larijani*

- Workover Programs prepared

Well	Job Category	Prepared Work Program Target	Start Date	Final Date	Actual Cost, M\$		
					Apr-21	May-21	Jun-21
B-196	Fishing/Recompletion	Set BP at 3747m, run production string and 86mm tubing guns (TCP) with mapset packer to 3740m. Perforate VI horizon 3735-3740m. (1) POOH tubing string and mapset packer. Set BP. Perforate horizon V 3710-3712.5m. (2) POOH production string with packer. Run production string and 86mm tubing guns (TCP) with mapset packer to a determined depth. Perforate V horizon 3707-3701m interval (3) RIH sinker bar check TD. Cut the production string from possible depth and POOH. Run 3100-2600m NGK log. Further operations will be planned according to NGK log results. (4)	5-Jan-2021	Ongoing	\$117.00	\$148.00	\$178.00
GD-601	Recompletion	a) RIH mill and clean the down @ 3127m. Check feedrate of 3126-3114m, 3113-3105m intervals. If positive perform remedial cement squeeze into the intervals. b) Drill 3127m bridge plug, heck feedrate of 3128-3135m vø 3158-3150m intervals. If positive perform remedial cement squeeze into the intervals. c) Drill 3153m cement plug. Mill LIH fishing top at 3146.52m to down 3238m to open Horizon KS.	19-Feb-2021	24-Apr-2021	\$143.00		
GD-601	Recompletion	QR/CCL logging. After setting the bottom TD-3166m. POOH tubing in the well. Past cement plug(2m) with GGI.	11-May-2021	21-Jun-2021		\$143.00	\$169.00
B-144	Recompletion	POOH tubing string and retrievable packer. Clean well to depth 4285m. Perforate horizon IX 4300-4296m(4m), 4292-4290m(2m), 4288-4286m(2m), put well on production.	26-Mar-2021	18-May-2021	\$39.00	\$72.00	
B-165	Recompletion	POOH inner tubing string. Fishing of stacked outer tubing string out of the well. Drill cement plug at 3990m. Clean well down to 4843m. Perform logging at GR/NGR/CCC at 4843-3350m.	29-May-2021	Ongoing		\$7.00	\$54.00
GD-297	Well service / Perforation	POOH tubing with gaslift valves. Clean till to 2510m. Run 1840m 2 7/8" tubing with gaslift valves in the well. RIH 51mm tubing guns and perforate horizon VI 2011-2009m. Put the well on production.	25-Apr-2021	26-May-2021	\$31.00	\$37.20	
GD-297	Well service / Perforation	POOH tubing with gaslift valves. Clean down to 1930m. Srt BP at 1920 m and 2 m cement plug with GGI. Perforate 1915-1910m at horizon VI.	20-Jun-2021	27-Jun-2021			\$71.00
GD-412	ESP Replace	POOH tubing string with ESP, inspect ESP condition and run 1760m 2 7/8" tubing with ESP.	12-Apr-2021	18-Apr-2021	\$8.50		
GD-413	ESP Replace	POOH ESP, inspect the condition of the pump, and run 1730 m 2 7/8" tubing with ESP.	4-Jun-2021	16-Jun-2021			\$43.20
GD-430	ESP Replace	Inspection the condition of the pump and run 1820m 2 7/8" tubing with ESP.	23-May-2021			\$11.50	
GD-445	Well service / Chemical treatment	POOH outer tubing string with gaslift valves. Run 2250m 2 7/8" tubing with gaslift valves to the well. Inject 25m3 acid (1.5% HF 375 liter, 13.5% HCL 3.4m3 to the open perforation interval 2329-2347m. Pending completion of injection cannister well 448.	13-Apr-2021	22-Apr-2021	\$67.00		
GD-448	ESP Replace	Pull the tubing string with ESP. Clean till 1000m. RIH 560m tubing with ESP. Preparing well as canister well for water injection.	28-Apr-2021	6-May-2021	\$4.50	\$10.50	
GD-465	Well logging	POOH tubing string with ESP. Clean to TD. Perform GR/CCL/QUAD NEUTRON log from TD to 2140. Further operations will be decided according to log results.	26-Apr-2021	9-May-2021	\$20.00	\$48.70	
GD-465	Recompletion	POOH tubing string with gaslift valves. Clean down to 3370m. Set BP at 3360m. Perforate 3293-3290m, 3289-3287m, 3272-3271m, 3261-3260m at horizon PK.	21-Jun-2021	17-Jul-2021			\$41.00
GD-478	Zone isolation / Perforation	Pull the tubing string with gaslift valves. Clean till TD. Perform QUAD NEUTRON and GD/NGR (2610m-2375m). Further operations will be decided according to log results. additional work plan: Check TD. POOH tubing. Perforate horizon IX 2406-2404m, 2390-2386m, 2345-2342m.	16-Apr-2021	6-May-2021	\$17.40	\$36.50	
GD-479	Recompletion/Well Service	If there is a sand plug, clean till TD. Logging GR/CCL/QUAD neutron 2573-2325m. Clean well down to 2560m. Past BP at 2557m with GGI. Run 1200m 2 7/8" tubing with gas lift valves in the well according to compiled and approved scheme.	12-May-2021	16-Jul-2021		\$34.50	\$43.00
GD-418	ESP Replace		27-Mar-2021	11-Apr-2021	\$119.00		
GD-475	ESP Replace		28-Mar-2021	3-Apr-2021	\$18.00		
GD-502	Recompletion	Check TD, fluid level (dynamic), bottom hole pressure through tubing with GGI. Further operations will be planned according to GGI log results.					
GD-716	Recompletion	POOH tubing string. If the perforation zone is plugged, to clean the well. Run 2250m 2 7/8" tubing with ESP.	25-Mar-2021	15-Apr-2021	\$72.00		
GD-716	ESP Installation		4-Jun-2021	16-Jun-2021			\$52.00
TOTAL					\$656.40	\$548.90	\$651.20

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

Wells logged/re-logged

1. GD-478 QUAD – NGR.
2. GD-479 QUAD NEUTRON

Wells completed

1. **B-196 Fishing/Recompletion.** Ongoing. Expected free gas rate is 50 Mm³/d from B_VII f/u.
2. **B-144** Perforated horizon IX 4288-4286m, 4292-4290m, 4300-4296m. Expected gas rate is 50 Mm³/d.
3. **B-165 Fishing/Recompletion.** Continues. Expected free gas rate is 55 Mm³/d B_X f/u.
4. **GD-601 Recompletion.** Perforated 3132.5-3134m, 3146.5-3148m, 3152.5-3154m, 3155.5-3158m at horizon PK. Well produces 134 m³/d water, no oil.
5. **GD-479 Recompletion.** Perforated 2441-2442m, 2446-2449m, 2454-2456m at horizon X. Well produces 70 m³/d water, 8 m³/d oil, and 1.5Mm³/d solution gas.
6. **GD-465 ESP replace/Recompletion.** Perforated 3287-3289m, 3290-3293m, 3260-3261.5m, 3271-3272m. Well is under monitoring.
7. **GD-716 Recompletion/ESP installation.** Well is under monitoring.
8. **GD-478** Zone isolation/Perforation. Perforated horizon VIII, X at 2345-2342m, 2390-2386m, 2406-2404m. Well produces 8 m³/d oil, 143m³/d water, 2Mm³/d solution gas by injecting 31Mm³/d.
9. **GD-413 ESP replace.**
10. **GD-412 ESP replace.**
11. **GD-418 ESP replace.**
12. **GD-430 ESP replace.**
13. **GD-448 ESP replace.**
14. **GD-475 ESP replace.**
15. **GD-445 Well Service/Chemical treatment.**
16. **GD-297 Recompletion.** Perforated 1910-1915m at horizon V. Not successful. Indication are that B_V/B_VI has low pressure residual formation gas.

Cased-hole logging:

Interpreted logs from GGI:

1. **GD-478 QUAD – NGR.**
2. **GD-479 QUAD NEUTRON**

Geology

1. GumDeniz SGD geomodel completed.
2. Bahar PK horizon geomodel completed.
3. Preparation work for 465, 479, 297, 716 & 601 new completions.

Reservoir Engineering

4. GD-716 and B-165 WID documents prepared.
5. Bahar FS-BX-BIX simulation and WO candidates forecasting finalized.
6. Bahar PK simulation history matching completed.
7. Prosper models built for: Gumdeniz field gas injected wells: GD-038, GD-466, GD-467, GD-468, GD-470, GD-471, GD-478 and GD-716.
8. Bahar field natural flowing well: B-144.
9. GumDeniz South GumDeniz area simulation and WO candidates forecasting continues.
10. Bahar horizon VII Simulation & WO Candidates Forecast.

11. Bahar horizon VIII Simulation & WO Candidates Forecast.
12. Bahar horizon V Simulation & WO Candidates Forecast.
13. Bahar IX-X-FS run production forecasting based on simulation model.
14. B-205 choke size optimization carried out with multi-rate well test analysis
15. WO Success file updated.
16. Monthly Reports for SOCAR (Production, Delivery, Used, Production and Delivery Indicators, Well Fund).
17. Updated Bahar and GD OFGM database.
18. Updated Daily and monthly Production follow up database.

2 nd Quarter of 2021 Planned and Fact Production Comparison			
	Plan	Fact	Difference
Oil and Condensate, tons	8,973	6,354	-29%
Free Gas, Mm3	74,070	53,824	-27%
Solution Gas, Mm3	7,296	4,722	-35%

Seismic

19. GumDeniz KaS fault and horizon interpretation completed. This is to identify drilling location for Qala formation in this area.
20. 3D vizualisation and interpretation of the “Victory” Prospect continues.

Task Schedule

<u>Tasks started</u>	<u>Start date</u>	<u>Provisional completion date</u>	<u>Completion date</u>
GD Field			
GD South GumDeniz simulation model history matching.	15 June 2021	31 July 2021	
Bahar Field			
Bahar horizon VII Simulation & WO Candidates Forecast	15 September 2020	31 July 2021	
Bahar horizon VIII Simulation & WO Candidates Forecast	1 October 2020	31 July 2021	
Bahar horizon V Simulation & WO Candidates Forecast	20 March 2021	31 July 2021	
Completed			
Bahar FS-BX-BIX Simulation & WO Candidates Forecast	31 March 2020		30 June 2021

V - FINANCE: *Reported by Rasul Gafarov*

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

Issued and distributed Mar-21 – May-21 Monthly departmental cost reports to Budget Holders / Department Managers.

Issued and submitted Mar-21 – May-21 monthly reports to government bodies.

Prepared and submitted monthly Mar-21 – May-21 Financial Highlights report to the Management.

On a Quarterly Base:

Issued 1Q-21 Additional quarterly reports to Contractor Parties.

Prepared and submitted 1Q-21 quarterly Financial reports required for GPI.

On an Annual Base:

Completed Audit process of below shown reports of 2020:

- BEOC Cost Recovery Report;
- BEL Profit Tax Return;

A summary of Production, Revenue, Opex and Capex standing related up to 2Q-2021 is shown in the table below:

Bahar Energy Operating Company Limited
Production & Costs Analysis (Actual versus Budgeted)
as of the end of Q2 2021 (01-Jan-21 - 30-Jun-21)

Production	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Production, boe	629,344	836,276	(206,932)	75%
Crude Oil Production, bbl	94,990	130,008	(35,018)	73%
Petroleum Production, boe	724,334	966,284	(241,950)	75%

USD '000

Revenue	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Sales	9,443	13,498	(4,055)	70%
Crude Oil Sales	5,701	5,200	500	110%
Petroleum Sales	15,144	18,698	(3,555)	81%

Costs	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Capital Costs (CAPEX)	1,969	8,010	(6,042)	25%
Operating Costs (OPEX) Net of Recoveries by Third Parties	10,953	11,064	(111)	99%
Non-Recoverable Costs (Non-Rec)	-	27	(27)	0%
Total Costs	12,922	19,102	(6,180)	68%

Capital Costs:				
Construction	536	2,578	(2,042)	21%
Production Equipment and Facilities	322	2,249	(1,927)	14%
CAPEX Other	5	22	(18)	20%
Workover	1,106	3,162	(2,055)	35%
Capital Costs	1,969	8,010	(6,042)	25%

Operating Costs:				
Personnel Costs	6,048	5,091	957	119%
Insurance Cost	316	313	3	101%
Electricity, Water, Sewage, Gas Usage	507	856	(349)	59%
Fuel	39	41	(2)	96%
SOCAR and State Services	188	205	(17)	92%
Rental of Transportation and Other Equipment	2,094	2,116	(22)	99%
Repair and Maintenance - Wells	627	482	145	130%
Repair and Maintenance - Facilities	772	1,419	(647)	54%
Materials and Spare Parts - Other	45	98	(53)	46%
Third Party Services	181	239	(58)	76%
General and Administrative Expenses	135	146	(10)	93%
Services Provided by Shareholders	-	60	(60)	0%
Operating Costs	10,953	11,064	(111)	99%
Recoveries from Third Parties	-	-	-	0%
Operating Costs Net of Recoveries	10,953	11,064	(111)	99%
Recoverable Costs Net of Recoveries	12,922	19,075	(6,153)	68%

Non-Recoverable Costs:				
Non-Recoverable - Training	-	27	(27)	0%
Non-Recoverable Costs	-	27	(27)	0%

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

Explanations of over expenditure:

Personnel Costs - Due to financial aid paid to dismissed employees this line expected to overbudget (USD 1.093K)

Repair and Maintenance - Wells - Due to methanol used at PLT 168, and spare parts used at wells this line expected to overbudget.

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 with governing agreements.

- b) **Litigation**

A claim was filed against the Decision of the Labor Inspectorate to impose a fine due to non-payment of the replacement money. Court case ended at the Surakhany District Court related with the death case.

- c) **Government relations**

Meetings were held with the colonel of the Ministry of Emergency Situations regarding fire-fighting contract. Cooperation continued with Surakhany Mayor's Office on various issues. Necessary government offices were visited on the subject of issues arising from redundancy program; Cooperation was maintained with SOCAR on inventory of assets.

- d) **Corporate issues**

BEOC and BEL renewals were documented at JAFZA;

- e) **Expat employee documentation/visas**

Work on applying for and obtaining residency/work permits and registration with the State Migration Service continued applying new SOCAR approved system of application for work & temporary residency permits. All the expat employees of the Representative Office possessed the required documents and registrations were done timely as stipulated by law. Necessary documents were prepared and filed with State Migration Service for the terminated expat employee; Temporary Residency Permit was obtained for Rep Office President;

- f) **Other Legal Issues/Document Control and Translation/Interpreation Support**

Redundancy program continued at the Representative Office. Employees were served with Notices on Redundancy; Meetings were held with the Chairman of the Trade Union. Structural change orders were issued due to departure of expat VP and internal transfer of other employees; Letters were prepared and sent to Labor Inspectorate and SOCAR to address employee complaint; Various SOCAR inquiries for information were addressed; Letter was sent to Ministry of Defense to check Rep Office employees with a veteran status;

Letter was sent to Statistics Committee on sensitive info public disclosure in a line to EITI disclosed data; 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.

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

- **COMPLIANCE**

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

- **HUMAN RESOURCES**

a) **Personnel Administration & Compensation**

- Staff employees:
- ✓ Total employees number June 30, 2021: 687, including:
 - Main Office employees - 16
 - Non- Main Office employees - 671
 - of which Expatriates - 2
- ✓ Terminated: 66 (65- resigned, 1- expiration of agreement)

Absenteeism:

- Sick leaves - 165

b) **HR Operations**

- Overall 1262 HR related operations have been made through this quarter;
- 508 vacations and 165 bulletins have been written and entered to the HRB system;
- Employment Agreements of 66 employees were terminated
- Employment Agreements were signed with 5 new employees
- SOCAR and SOCAR Upstream were provided with headcount report;
- 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;
- Interviewing of 3 candidates for Electrical welder position
- Interviewing of 2 candidates for Subsurface department
- Interviewing of 2 candidates for Fitter position
- Heads of departments were provided with daily attendance reports after analysis of data;
- 3 orders issued on departmental structure changes;
- 3 correspondence was sent to third parties;
- Employment of 4 employees have been prolonged;

VII- ADMINISTRATION & SECURITY: *Reported by Ahmadiyya Musayev*

a) **Administrative issues**

- Monthly schedules and timesheets for the Administrative department, as well as for their 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;
- MRs were collected from all the structural units for stationery and consolidated list was prepared;
- Inventory check of Administrative Affairs Department together with gardeners of Service Division finished.

b) Office maintenance

- Need for repairs of the roof of the administrative building was raised and activities started, also the air conditioning equipment on the roof was dismantled and lowered;
- Water taps and sewage pipes were repaired in administrative buildings and other workshops in the Gum island area;
- Relevant MRs from the office was submitted to the procurement Department for subsequent purchase;
- 14 ea. air conditioners, 4 ea. refrigerators, 14 ea. dispensers were repaired.

c) Water supply & Gardening

- Necessary amount of water was supplied to the facilities at Island and other locations;
- Areas were cleaned from grass;
- New plants were planted and current plants were taken care of.

d) Nursing

- Necessary medical aid was provided to employees applying for it.

D. Security & Civil Defense activities

a) Security issues

- **1009 persons and 724 vehicles entered into Representative Office areas based on 751 requests for a one time entrance permissions;**
- Actual presence at the vessel was checked for 1765 employees who left for Bahar (working per shift) during the reporting month and the records were maintained in the log book accordingly;
- 15 times during the 2nd Quarter 2021 deployment of employees (working on shifts) to Bahar field on vessels was accompanied by the Department's rescue-diver personnel;
- During the **2nd quarter of 2021**, the specialists of Department took part in the control of the transfer of **323372** liters of diesel fuel to "Bahar" area.
- In 09.06.2021 the expert of department has attended to process of handing over of 223 pipes to "Gulf Drilling Supply" company from Hovsan port.
- 8 letter were sent to **Maarif Ahmedov**, the chief of "Tornado-S" LTD (Security company), to get the permission certificates for 31 employees **and 9 special vehicles** to be able to enter the Representative Office areas, pursuant to provisions of the security services contract;
- T-cards control was carried out per the established procedure.

b) Civil Defense

- The measures envisaged in accordance with BEOCL's Civil Defense Action Plan for 2021 were prepared and carried out in a timely manner. No serious shortcomings were found in the implementation of the measures.
- Order No. 191 dated 09.04.2021 was issued to change the composition of the Emergency Situations Commission due to changes in the management of the company.
- According to the facility's civil defense plan, no training and exercises were planned in April.
- For the purpose of increasing the level of readiness of the company's civil defense forces, a short-term warning muster drill was held on 26.04.2021.

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

a) Procurement

- 157 MRs & SRs Received;
- 200 POs and SOs prepared in SUN System;
- 6 MRs canceled/oh hold;
- 7 MRs & SRs passed to Contract/Tender;
- 56 MRs & SRs under sourcing stage.

b) Tender and Contracts

Tender Packs under ITT (bids submission period) – 2

- BEOCL 10174 - Provision of 2 set VS 28 x 100 WO Derrick;
- BEOCL 10175 – Purchasing of 120 t Stationary Pulling Drawwork.

Tender Packs under evaluation – 4

- BEOCL 10173 – Rent of ESP's;
- BEOCL 10165 - CS 2 Gas Separator System Renovation;
- BEOCL 10174 - Provision of 2 set VS 28 x 100 WO Derrick;
- BEOCL 10175 – Purchasing of 120 t Stationary Pulling Drawwork.

Tenders under RCA approval – 3

- BEOCL 10173 – Rent of ESP's;
- BEOCL 10174 - Provision of 2 set VS 28 x 100 WO Derrick;
- BEOCL 10175 – Purchasing of 120 t Stationary Pulling Drawwork.

Tender RCAs approved – 3

- BEOCL 10165 - CS 2 Gas Separator System Renovation;
- BEOCL 10173 – Rent of ESP's;
- BEOCL 10174 - Provision of 2 set VS 28 x 100 WO Derrick.

Tendered Contracts under process – 2

- BEOCL 10173 – Rent of ESP's;
- BEOCL 10174 - Provision of 2 set VS 28 x 100 WO Derrick;
- **Number of Active Contracts**

- OPS/WO/LOG – 97 (incl. 15 transportation services and 16 services contracts for empl.);
- Construction - 23
- HSE – 11 (including 1 service contract for empl.);
- G&G – 10 (incl. 2 consultancy contracts & 1 contracts for payment purpose only);
- ADMIN – 19 (incl. 3 service contracts for empl.);
- HR – 5;
- ITC – 12;
- Legal – 16;
- PM – 17 (incl. 1 contracts for payment purpose only);
- Finance – 3.

Materials Division:

- **1,931,038.00 kg** handled without incident;
- WHS received **578 line items** for the amount of **AZN 2,086,690.60**;
- WHS issued **963 line items** for the amount of **AZN 1,548,380.69**;
- **150 NCR's** raised; **86 NCR's** was closed;
- Fuel station received **273,568.00** Liter of Diesel;
- Fuel station issued **282,329.00** Liters of Diesel;
- Fuel balance at July 1, 2021, is **36,037.00** Liters.

IX – IT: Reported by Eldar Eyyubov

- Within 2nd Quarter was no disruption in IT department;
- 246 helpdesk requests were processed;
- All empty cartridges have been replaced;
- All new employees were provided with computers and accounts;
- All ID cards have been issued;
- The problem with wifi access in MMTX office was fixed;
- New IPM software for Jalala Subsurface Department was installed;
- Google subscription was prolonged for another 6 months;
- Two employees were provided with extension phone numbers;
- The unstable network connection between main office and Compressor station office was successfully upgraded;
- The faulty large network printer in the Operations building was fixed;
- Greenfields petroleum website issue was solved ,necessary changes have been made;
- Two new laptops were received and handled;
- The printer for Oil processing and delivery laboratory was installed;
- Network switch in transport department was installed;
- New printer was installed for Operations manager;
- An equipment of resigned personal was checked;
- All printers have been checked;
- All servers checked and backed up.

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