

BAHAR ENERGY OPERATING COMPANY
QUARTERLY REPORT

3rd Quarter - 2021

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EXECUTIVE SUMMARY: *Reported by the President*

A summary of activities during Q3-2021 is provided as follows:

a) Health Safety and Environment:

- In Q3, On September 19th, 2021 at about 00:50 a.m. a fire incident occurred at the living quarters of B148 platform. According BEOCL Emergency Response Plan operation department's authorities gave instruction to shut-down the production well on the platform. All POB (personal on board) were evacuated to the work platform (safe zone) from living block. Management immediately disseminated fire incident information to the government and related agencies. No injuries were sustained.
- As a result of the fire BEOC's TRIR increased 0.39 as of the end of September. 464 PTWs were issued YTD. 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.

b) Production:

- In Q3 2021 oil production was 557 Bopd, which was an increase of 62 Bopd from Q2 mainly due to well GD479.
- Gas production for the quarter was 20.3 MMcfd, which was down slightly from Q2 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 3,841 BOE/d in June was 20 percent below the Budget forecast for Q3.

c) Workovers:

- In Gum Deniz, workovers in the GD 038 continues with the GD430, 716, 601, 465, 372, 502, 479, and 413 wells completed and returned to oil production.
- In Bahar, well BH 206 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 October.

f) General Management

- Preparations for the 2022 WP&B are underway and a CMC meeting is scheduled for October.
- 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 3rd Quarter – 2021

	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
3 rd Quarter	0	315747	0.63	1	150
Total per year	0	1024552	0.39	2	464

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 3rd Quarter – 2021 – one fire incident was recorded during 3rd Quarter.

Fire incident:

On 19.09.2021 at about 00:50 a.m. fire incident was occurred at the living block of the offshore platform #48. Firstly smoke was observed from the canteen container and because of the windy wheatear condition smoke turned to the fire and instantly started to spread to the near located living containers. The workers immediately tried to extinguish the fire by using existing firefighting equipment, but unfortunately as a north windy condition were not successful. According BEOCL Emergency Response Plan operation department's authorities gave instruction to shut-down the production wells on the platform and also shut of the electrical power supplied from nearest platform. All POB (personal on board) was evacuated to the work platform (safe zone) from living block. According Emergency Response Plan BEOCL Management disseminated fire incident information to the government and related agencies. About 02:30 fire was diminished and it was completely extinguished itself. For safely evacuation from platform and for firefighting operation SOCAR provided us with "Shuvalan" vessel and "VIXR" vessel to assist the emergency situation. POB was evacuated from #48 platform by "Shuvalan" and "Ulluchay" vessel at 08:30 a.m.

No any injury to POB. Incident investigation completed by the commission of the ERM (FHN) State Fire Control Service authorities. Immediate cause of the incident found Electrical fire, Fault in domestic electrical appliance.

c) HSE Activity

- HEALTH:

- Information about COVID-19 vaccination of BEOCL employees was registered and daily monitoring was carried out by HSE department. 637 employees got 1st dose and 502 employees got 2nd dose vaccine by the end of 3rd 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.
- 156 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.
- General HSE induction was conducted for 84 newcomers.
- 20 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 25 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:

- Environmental Statistics for 3rd Quarter 2021

	Spills Number	Spill Volume	Comments
1 st Quarter	0	0	0
2 nd Quarter	0	0	0
3 rd 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.
- Expired Ecological normative documentation (Ecological passport, atmospheric emissions inventory, disposable waste limit, Permissible discharge limit etc.) were developed.
- 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.

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 transportation, loading and handle comprised gas cylinders” for 7 employees

“Safe welding and grinding operations” for 56 employees
 “Working at height” for 62 employees
 “Safe and correct usage of PPE and CPE” for 56 employees

Total participants were 181 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:

Oct-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	95	7.44	707	91	680	72	534	599,410	21,168,164	3,808	545,596	19,267,723	3,466	578,000	20,412,070	3,672	4,173	4,205
August	63	7.43	468	61	454	75	556	578,268	20,421,534	3,674	524,872	18,535,855	3,334	597,000	21,083,055	3,793	3,802	4,349
September	67	7.43	496	67	497	82	609	545,164	19,252,467	3,463	480,417	16,965,926	3,052	834,000	29,452,710	5,298	3,548	5,907
Q3 Average	75	7.43	557	73	544	77	566	574,281	20,280,722	3,648	516,962	18,256,501	3,284	669,667	23,649,278	4,254	3,841	4,820
October	65	7.44	481	68	504	90	666	507,465	17,921,126	3,224	447,207	15,793,115	2,841	747,000	26,380,305	4,746	3,322	5,412
November																		
December																		
Q4 Average																		

b) Additional works:

Q-3 2021	
Name of the operation	Completed Operations
Hot Light Oil Operation in wells	8
Fluid level survey	257(in 17 wells)
Sulfanol treatment in wells	1 well
Salinity measurement in wells	34
Soap stick application in gas wells	-

the usage of electricity
6 825 044 kW/hour for 3-rd Quartver

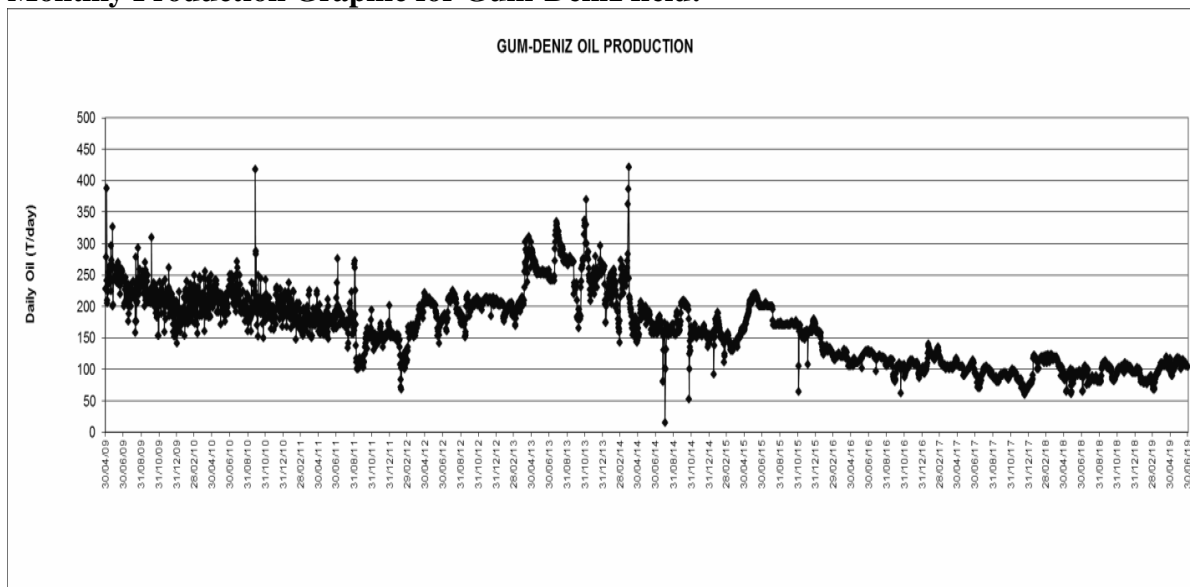
"Shikhlinski" crane vessel activity
"Shikhlinski", "Atlet-5", "Atlet-2", "Shirvan", "Atlet-8"
"Ulluchay" crane vessel was in repair since 27.06.2021 till 14.09.2021 and since 21.09.2021 till 29.09.2021

#	Gum-Deniz field
1	Quarterly average daily production rate at Gum-Deniz field was 73 ton/day, 525 Bopd.
2	During the reporting period after Wos, following wells of GD Field were recompleted :GD.430, GD.716, GD.601, GD.465, GD.372, GD.502, GD.479, GD.413
3	WOs on-going in the following well; GD.038

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

Oil Production Rate Differences Between fo 2rd quarter 2021 and 3th 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																										
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																										
3th quarter 2021	1.1	2.2	0.7	0.0	3.8	10.8	0.3	1.4	8.9	0.0	3.0	3.0	0.0	0.0	0.6	2.9	2.1	0.0	0.0	0.9	1.1	2.2	2.3	3.3	6.1	3.7	5.0	17.0	1.7	0.0	6.6	1.0	0.6	92																										
Difference																																																												4.00

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 574 281 m ³ /day, 20.28 MMcf. In comparison with the 2nd quarter of 2021 0,61 MMcfd increase observed.
2	WOs on-going in the following wells: B.206, B.165
3	Construction- repair works are ongoing on the following PLTs: GZU.2,PLT 048,PLT 065

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

Qaz Production Rate Differences Between fo 2rd quarter 2021 and 3th quarter 20201													
Date / Well#	083	140	144	167	169	170	171	175	179	182	205	241	Total, m3
2th quarter 2021	35000	47000	20000	36500	87000	114000	37000	76000	75000	1000	16500	43500	588,500
3th quarter 2021	33000	43000	32500	32000	75000	111000	35500	76000	75000	1000	16500	42500	573,000
Difference													-15,500

Auto-transportation field Logistic Report for Lifting Operations			
3rd Quarter			
Months	Orders	Weight (kg)	Hour
General	Total: 309	Total: 3970000	Total:1081

WORKOVER

General Highlights for 3rd quarter:

Summary WO's Bahar Q3:

- B196 works became slow due Rig power, which was creating rental and BEOCL consumption expenses. After fished out 30 joint DP, 399 joints total out of 426 joints of LH DP's decision been made to defer operation and back to well with Derrick and drawwork. RD the Rig and LD WO equipment. Getting ready move the Rig onto the G351, equipment to B074 well. 27 joints LIH DP's acted as lost in hole.
- B165 Successfully managed milling of deformed / damaged tubing string occurred by perforation made though tubing at 3763 - 3767m interval in 1995. Had pated string of drill pipe, fished out and returned to milling operation. Milling TOF at 3834m. Continue...
- B206 Had pated string of drill pipe fished out and returned to milling operation. Milling TOF at 3593.37m. RIH w/ 93mm STC String, tagged fish top at 3593.37m. Works on progress...
- As per BH Field WO plan, new 160 tonner derrick and new drawwork was installed on B074 at PL 070. Getting ready for WO operation. B196 equipment LD and ready for moving via vessel.

Summary WO's South Gum Deniz Q3:

- Failed ESP Assy. and tubing string been replaced to new. Well put back on production.

Summary WO's Gum Deniz Q3:

Major notes for GD WO activities are start of execution of G058 and G203 wells.

- At G058 well managed safely pulling of 50 year old Tubing string - 123 jts of 2-7/8" NUE TBG + Re-entry guide. Upgrading casing and well head connection. Will continue with cleaning of the well bore down to TD, provide access and Log the well.
- G203 is another inactive well where WO activity has started. 40 year old Tubing string pulled without incidents, nothing left in hole. Will continue with milling out of Hydraulic Packer and provide access to lower productive zones.

Out of Filed.

- Working on 2 each VS 28x100 tonner derrick. One of the Derricks design adapted to PL 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. 1st Batch of the DP's are delivered.

a) Quarter Workover Statistics

<i>Month</i>	Total WO OPEX completed	Total WO CAPEX completed
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July	10	2
August	12	6
September	9	5
Total	31	13

III – CONSTRUCTION: *Reported by Ali Iskender Gurbanzadeh*

#	Field/Location	Work Description	Status
	Gum-Deniz		
1	Gum-Deniz, Gas trans&seper. Unit No2	The basis of the project is the reconstruction of a high-quality separator system for the quality of sales gas coming from the "Bahar" field at "Gas trans&seper. Unit No2" of the BEOCL Representation in the Republic of Azerbaijan. Installation of 33 piles of 12" pipes on the prepared area.	In progress
2	Gum-Deniz, Causeways	For the purpose of installation of metal sheets on Causeway PLT209, the 12th 10x10x600mm metal sheets and 13; 14; and the installation of the 15th 8x10x400mm metal sheets is underway.	In progress
3	Gum-Deniz, Causeways PLT9	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, Causeway PLT2	"Gum-Deniz" field, repair works to prepare wells 351 and 352 located in Causeway PLT2 for WO. Piling of 11 12-inch pipes has been completed. Connection works of 600 and 400 beams of existing metal plates with shot piles. Renovation of under Rotor piles, installation of 4 12" pipes and welding works are underway.	
5	Gum-Deniz, Gas trans&seper. Unit No2	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
6	Gum-Deniz, Gas trans&seper. Unit No2	Carrying out welding works using 10" pipes for laying the transmission line to the 35 atm gas pipeline handed over from the Oil & Gas Production Dept. after 28 May to the Gas Export Department.	
7	Gum-Deniz, Gas trans&seper. Unit No2	Fabrication of 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.	Completed
	Bahar field		
8	Bahar, GZU-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 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

9	Bahar, PLT-20	Carrying out repair works in order to prepare well No. 206 for Wo in "Bahar" field, PLT No20. The assembly of the 4th 10x10m metal sheet has been completed. The installation of the new Boatlanding has been completed.	Completed
10	Bahar, PLT-48	Carrying out repair-maintenance works for preparation of well 144;145 & 146 for WO at PLT48 Bahar field,	In progress
11	Bahar PLT-65	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 the west of work floor.	In progress
12	Bahar, PLT-70/106	Repair and installation works over the well#74 at PLTBH 106/706 preparation for WO operations. Installation of 3rd 10x10x600mm metal sheet	Completed

Additional work

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	In progress
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	Installation and connection of piles of 10" pipes in front of Causeway PLT66, for the repair of emergency parts of the road. 9 piles were installed and the connection between the piles with 400 mm double beams was completed. In addition, the installation of new piles in the eastern part of the piles was completed. Planning the works of 2nd stage is in progress.	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 are carried out on corroded pipeline supports of 20" production pipeline along the causeway. Works on going	In progress
9	The repair work of the rooms located on the 2nd floor of the C-D and B blocks of the new administrative building has been completed. The repair work of the working rooms and corridors of the 1st floor is underway.	In progress
10	In connection with the WO of wells 203; 297; 716; 504 in Causeway PLT 2, laying and installation of the "UPT-50" hoist between the underderrick pedestal and the pipe area.	In progress
11	Installation of 2.5-pipe truss farms in the construction of a hangar to store chemicals near the hangars belonging to the central warehouse located on the island.	In progress
12	Construction of new oil traps 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
13	Construction of entrance road, demolishing existing concrete and spreading it all around the area, area widening, area levelling and planning, and preparation of concrete slabs for A-80 rig (1-st stage) In order to get well 58 at Gum-deniz field back on production.	In progress
14	Completed recovery and repair of 4 hangars side walls and roofing at Central Warehouse.	Completed

IV – SUBSURFACE: *Reported Ray Larijani*

- Workover Programs prepared

Well	Job Category	Prepared Work Program Target	Start Date	Final Date	Actual Cost, M\$		
					Jul-20	Aug-20	Sep-20
B-196	Fishing/Recompletion		5-Jan-2021	Ongoing	\$209.00	\$240.00	\$265.00
B-165	Fishing/Recompletion		29-May-2021	Ongoing	\$82.00	\$108.00	\$129.00
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 gasing gun(3785m) out of the well. Clean well down to 4579m. RIH and perform , QR/NGR/CCL(4579-2800m)	10-Aug-2021	Ongoing		\$55.00	\$86.00
GD-038	Well Service	If the perforation zone is plugged, then run Sand Bailer to clean the sand up to TD. RIH and perform , QR/CCL vs INNG (2960-2840m) logging. Further operations will be planned according to INNG results.	28-Sep-2021	Ongoing			\$9.70
GD-058	Well Service	Clean well down to 3338m. POOH L-3m PKO-89 tubing gun. Drill cement plug 3338m and clean well down to 3517m. Run QR/QUAD neutron/CCL(3517-3200m) logging. Further operations will be planned according to GR/QUAD (Roke) results.	11-Aug-2021	20-Aug-2021		\$11.00	
GD-203	Fishing/Recompletion	RIH special mill, drill the cement plug 2105m, fishing tubing strings 2 7/8" -15m (Fishing top-2108m) and mapset 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.	19-Sep-2021	26-Sep-2021			\$9.00
GD-413	ESP Replace	Run 1730m 2 7/8" tubing with ESP in the well.	19-Sep-2021	Ongoing			\$22.00
GD-430	ESP Replace	POOH ESP, inspect the condition of the pump, and run 1760 m 2 7/8" tubing with ESP.	18-Jul-2021	12-Aug-2021	\$24.50	\$36.00	
GD-448	ESP Recovery		10-Jul-2021	10-Jul-2021	\$13.00		
GD-465	Recompletion		21-Jun-2021	17-Jul-2021	\$36.00		
GD-465	Well Service	POOH the tubing string with gaslift valves. Run 1700m 2 7/8" tubing with ESP.	5-Aug-2021	19-Aug-2021		\$20.00	
GD-467	Well Service	Check TD. If there is a sand plug, clean. Log GR/CCL/CBL/QUAD neutron at 3385-3100 m (1st WP). Log GR/CCL. Perforate 86mm tubing guns horizon PK, 3329-3328m, 3310-3308m, 3297-3295.5m. Run 2100m 2 7/8" tubing with gaslift valves (2nd WP). .	18-Jul-2021	4-Aug-2021	\$65.00	\$90.00	
GD-479	Well Service		16-Jul-2021	16-Jul-2021	\$3.00		
GD-479	Well Service	Check TD with GGI. If there is a sand plug clean well till TD. Run 2000m 2 7/8" tubing with ESP.	13-Aug-2021	18-Aug-2021		\$14.00	
GD-479	Well Service	Run sand bailer to clean down to TD. If there will be a sand plug. Inspect the condition of the pump and Run 2200m 2 7/8" tubing with ESP in the well.	10-Sep-2021	21-Sep-2021			\$30.00
GD-502	Well Service	GD-502 Clean down to 2250m. Logging GR/CCL/QUAD neutron from 2250 to 1900m. Further operations will be planned according to QUAD neutron results (1st WP). Run 2000m 2 7/8" tubing with gaslift valves. POP. (2nd WP).	2-Jul-2021	9-Jul-2021	\$35.00		
GD-502	Well Service		18-Aug-2021	25-Aug-2021		\$48.00	
GD-601	Recompletion	POOH the tubing string with gaslift valves. Set artificial sand plug at 3166m. Run 1300m 2 7/8" tubing with gas lift valves.	3-Jul-2021	14-Jul-2021	\$37.00		\$77.00
GD-601	Recompletion	POOH tubing with gaslift valves. RIH 92mm gauge ring to 3145m. If gauge ring does not go to the required depth, RIH scraper to 3145m. QR/CCL logging. Past BP at 3144m. Past cement plug -2m with GGI dump bailer. Log GR/CCL, RIH SDP-43 (43mm) guns and perforate 3128-3130.5m,3108-3109m. Run 2100m 2 7/8" tubing with gaslift valves in the well . POP. Stop the well and bleed down all gas pressure from the well – this will allow us to take level measurements with echometr. QR/CCL logging. Past BP at 3102m. Pressure test BP-100atm. Past cement plug -2m with GGI dump bailer. Log GR/CCL, RIH 73mm tubing guns and perforate 3040-3038m, 2986-2985m, 2978-2976m. Run 2300m 2 7/8" tubing with gaslift valves. POP (2nd WP)	8-Aug-2021	16-Aug-2021		\$77.00	
GD-601	Recompletion	Add 250 m to the tubing string (1st WP). POOH tubing with gaslift valves (2nd WP).	27-Aug-2021	9-Sep-2021			
GD-372	ESP Replace		7-Aug-2021	15-Aug-2021		\$26.00	
GD-716	ESP installation	Check TD, if there is a sand plug clean till 2835m. Run 2250 m 2 7/8" tubing with ESP.	11-Jul-2021	6-Aug-2021	\$52.00	\$51.00	\$50.00
GD-716	Replace ESP to GLV system	POOH outer tubing string with ESP. RIH special mill set artificial sand plug at 2673m. Check TD with GR/CCL. Set 2m cement plug at 2671m. Run 2300m. 2 7/8" tubing with gaslift valves in the well (1st WP). Shorten 200m tubing string (2nd WP).	31-Aug-2021	14-Sep-2021			
				TOTAL	\$556.50	\$776.00	\$677.70

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

Wells logged/re-logged

Wells completed

1. **B-196 Fishing/Recompletion.** Ongoing. Expected free gas rate is 50 Mm³/d from B_VII f/u.
2. **B-165 Fishing/Recompletion.** Continues. Expected free gas rate is 55 Mm³/d B_X f/u.
3. **B-206 Recompletion.** Ongoing. Expected free gas rate is 29 Mm³/d.
4. **GD-372 ESP Replace.** Well produces 8 m³/d oil, 200 m³/d water, 2.5 Mm³/d solution gas.
5. **GD-413 ESP Replace.** Well is under monitoring.
6. **GD-430 ESP Replace.**
7. **GD-448 Well Service.** POOH ESP. Well secured.
8. **GD-465 Recompletion/ Well Service.** Not successful.
9. **GD-601 Recompletion.** Perforated 3108-3109m, 3128-3130.5m at horizon PK and 2976-2978m, 2985-2986m, and 3038-3040m at horizon KaS. Cementing on water produced intervals at horizon PK. Not successful.
10. **GD-716 ESP Replace.** Cleaned till TD. RIH ESP, ESP replaced with GL. Well is under monitoring.
11. **GD-502 Well Service.** Well started to produce 2m³/d water and 2m³/d solution gas.
12. **GD-479 Well Service/ESP replace.** Lowered production string. Well produces with 15m³/d oil, 83 m³/d water and 1 Mm³/d solution gas. Actual cost 30 M \$.
13. **GD-203 Well Service.** Continues. Expected oil rate is 10 m³/d .
14. **GD-038 Well Service.** Continues.
15. **GD-058 Well Service.** Expected oil rate is 3m³/d.
16. **GD-467 Recompletion/ Well Service.** Perforated 3295.5-3297m, 3308-3310m, 3328-3329 m at horizon PK. Well produces 1m³/d oil, 20 m³/d water, 1 Mm³/d solution gas.

Cased-hole logging:

Interpreted logs from GGI:

Geology

1. Preparation work for GD-601.
2. PLT-002, PLT-208a, PLT-223, PLT-163, PLT-160b, and PLT-450 wells WO candidates evaluated and presented to management.
3. GumDeniz Side-track drilling program prepared and presented to management.

Reservoir Engineering

1. GumDeniz South GumDeniz area simulation and WO candidates forecasting continues.
2. GumDeniz PK and KaS horizon simulation model has been initialized and history match has been started.
3. AWP 2022 production forecasting prepared and provided for budget calculation.
4. BEOC Reserves Report prepared and submitted to management.

5. WO Success file updated.
6. Monthly Reports for SOCAR (Production, Delivery, Used, Production and Delivery Indicators, Well Fund).
7. Updated Bahar and GD OFGM database.
8. Updated Daily and monthly Production follow up database.

3 rd Quarter of 2021 Planned and Fact Production Comparison			
	Plan	Fact	Difference
Oil and Condensate, tons	10147.953	6735.335	-34%
Free Gas, Mm3	76130.369	52862.941	-31%
Solution Gas, Mm3	8302.835	6708.112	-19%

Seismic

1. 3D visualization and interpretation of the “Victory” Prospect continues.

V - FINANCE: *Reported by Rasul Gafarov*

Completed Jun-21 – Aug-21 accounting cycles in accordance with the monthly schedule.

According to JOA issued Jun-21 – Aug-21 Monthly reports to Contractor Parties.

According to JOA Jul-21 – Oct-21 Cash Calls distributed to Contractor Parties.

Issued Jun-21 – Aug-21 Additional Monthly reports to Contractor Parties shown below.

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

Issued and submitted Jun-21 – Aug-21 monthly reports to government bodies.

Prepared and submitted monthly Jun-21 – Aug-21 Financial Highlights report to the Management.

On a Quarterly Base:

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

Prepared and submitted 2Q-21 quarterly Financial reports required for GPI.

On an Annual Base:

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

- BEOC Cost Recovery Report;

A summary of Production, Revenue, Opex and Capex standing related up to 3Q-2021 is shown in the table below:

Bahar Energy Operating Company Limited
Production & Costs Analysis (Actual versus Budgeted)
as of the end of Q3 2021 (01-Jan-21 - 30-Sep-21)

Production	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Production, boe	940,486	1,284,367	(343,880)	73%
Crude Oil Production, bbl	145,068	205,863	(60,795)	70%
Petroleum Production, boe	1,085,555	1,490,230	(404,675)	73%

USD '000

Revenue	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Sales	13,964	20,730	(6,766)	67%
Crude Oil Sales	9,429	8,235	1,195	115%
Petroleum Sales	23,394	28,965	(5,571)	81%

Costs	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Capital Costs (CAPEX)	3,422	10,583	(7,161)	32%
Operating Costs (OPEX) Net of Recoveries by Third Parties	15,880	16,620	(740)	96%
Non-Recoverable Costs (Non-Rec)	-	41	(41)	0%
Total Costs	19,302	27,244	(7,941)	71%

Capital Costs:				
Construction	1,054	3,761	(2,707)	28%
Production Equipment and Facilities	649	3,134	(2,484)	21%
CAPEX Other	10	34	(24)	30%
Workover	1,709	3,655	(1,946)	47%
Capital Costs	3,422	10,583	(7,161)	32%

Operating Costs:				
Personnel Costs	8,669	7,636	1,033	114%
Insurance Cost	474	471	3	101%
Electricity, Water, Sewage, Gas Usage	826	1,289	(463)	64%
Fuel	64	61	3	105%
SOCAR and State Services	279	308	(29)	91%
Rental of Transportation and Other Equipment	2,975	3,245	(269)	92%
Repair and Maintenance - Wells	890	723	167	123%
Repair and Maintenance - Facilities	1,131	2,128	(998)	53%
Materials and Spare Parts - Other	66	136	(71)	48%
Third Party Services	286	319	(33)	90%
General and Administrative Expenses	220	213	7	103%
Services Provided by Shareholders	-	90	(90)	0%
Operating Costs	15,880	16,620	(740)	96%
Recoveries from Third Parties	-	-	-	0%
Operating Costs Net of Recoveries	15,880	16,620	(740)	96%

Recoverable Costs Net of Recoveries	19,302	27,203	(7,900)	71%
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Non-Recoverable Costs:				
Non-Recoverable - Training	-	41	(41)	0%
Non-Recoverable Costs	-	41	(41)	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

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, LoI, termination notices, addendums, protocols, and working on contractual issues related with governing agreements.

- b) **Litigation**

BEOC filed a lawsuit against the Labor Inspectorate and nullified the Decision on imposition of penalty due to non-payment of the salary for replacement (administrative case).

BEOC was represented at the court (civil) case on financial claims (salary for replacement, reimbursement of salary lost due to salary reduction, damages for racial discrimination).

BEOC was represented at the court case on reinstatement to work (civil case).

- c) **Government relations**

Meeting was held with FHN General Fuzuli Asadov to discuss the fire safety 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**

New Power of Attorney was issued for Rep Office President for next 3 years; 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. Work and residency permit was reported for nullification for G&G Manager;

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

- Internal discussions were held and letter prepared regarding GSA extension and gas price change; letter was addressed to FHN and SOCAR with the fire protection contract signed

and attached; post-redundancy structural change orders were drafted and executed; disciplinary proceeding was led and subsequent penalty order issued; cost saving orders prepared and executed; various SOCAR inquiries for information were addressed; letters were received from Ministry of Defense on Rep Office employees with a veteran status; 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**

Compliance related issues were addressed. AECN meetings were attended on behalf of BEOC.

- **HUMAN RESOURCES**

a) **Personnel Administration & Compensation**

- Staff employees:
- ✓ Total employees number September 31, 2021: 665, including:
 - Main Office employees - 16
 - Non- Main Office employees - 649
 - of which Expatriates - 1
- ✓ Terminated: 33 (31- resigned, 2- expiration of agreement)

Absenteeism:

- Sick leaves - 81

b) **HR Operations**

- Overall 1786 HR related operations have been made through this quarter;
- 524 vacations and 81 bulletins have been written and entered to the HRB system;
- Employment Agreements of 33 employees were terminated;
- Employment Agreements were signed with 11 new employees;
- SOCAR and SOCAR Upstream were provided with headcount reports;
- Employee complaints to 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;
- Heads of departments were provided with daily attendance reports after analysis of data;
- 12 orders issued on departmental structure changes;
- 3 complaint letters from third parties were addressed;
- Employment contracts of 100 employees have been prolonged;
- Necessary information was provided for 2022 AWP and Budget

- Relevant documents related with Oilmen's Day award were prepared and submitted to SOCAR. Financial award was made to selected BEOC employee;

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 takeoff 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;

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;
- New curtains ordered and installed for 20 offices;
- 9 ea. air conditioners, 1 ea. refrigerators, 6 ea. dispensers repaired. 16 ea. new air conditioners installed.
- Full support was rendered during office reallocation activities;

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.

• **SECURITY & CIVIL DEFENSE ACTIVITIES**

- 1035 persons and 620 vehicles entered to BEOC areas based on 732 requests issued for one time entrance permissions.
- Records in the log book of 1694 employees who left for Bahar (working per shift) were maintained and checking their availability at work 3rd quarter of 2021 was carried out.
- 14 times during the 3rd quarter of 2021 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 307764 liters of diesel fuel to "Bahar" area during the 3rd quarter of 2021.
- 14 letter were sent to Maarif Ahmedov, the chief of "Tornado-S" LTD, in order to get the permission certificates for 97 employees and 43 special machine to be able to enter the "BEOCL" area, according to points of the contract.
- Majidov Agshin, who is the service man of the cameras which were installed at the area, has fully repaired 7 broken cameras in 2 days.
- T-cards control was carried out per the established procedure;
- Civil defense related activities continued per the approved plan.

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

a) Procurement

- 157 MRs & SRs Received;
- 183 MRs & SRs Received;
- 265 POs and SOs prepared in SUN System;
- 6 MRs canceled/oh hold;
- 0 MRs & SRs passed to Contract/Tender;
- 50 MRs & SRs under sourcing stage.

Tender contracts placed – 3

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

Tendered Contracts under process – 1

- BEOCL 10173 – Rent of ESP's;

Number of Active Contracts

- OPS/WO/LOG – 103 (incl. 15 transportation services and 21 services contracts for empl.);
- Construction - 31
- HSE – 13 (including 1 service contract for empl.);
- G&G – 11 (incl. 2 consultancy contracts & 1 contracts for payment purpose only);
- ADMIN – 20 (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:

- **3,352,781.00 kg** handled without incident;
- WHS received **792 line items** for the amount of **AZN 4,539,922.49**;
- WHS issued **1,582 line items** for the amount of **AZN 2,419,568.31**;
- **135 NCR's** raised; **76 NCR's** was closed;
- Fuel station received **376,156.00** Liter of Diesel;
- Fuel station issued **371,855.00** Liters of Diesel;
- Fuel balance at July 1, 2021, is **40,338.00** Liters;

IX – IT: Reported by Eldar Eyyubov

- Within 3rd Quarter was no disruption in IT dept.
- 291 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

- Installed were equipment of relocated personal
- Fixed were 3 printers and 2 desktop computers
- Upgraded was simulation server
- Two new Laptops were received and handled
- The seismic workstation was upgraded with new CPU and RAM
- The Greenfields-petroleum web site was updated
- Checked and handled were equipment of resigned personal
- The necessary changes have been made to the Greenfields website
- All printers have been checked
- All servers checked and backed up.

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