

BAHAR ENERGY OPERATING COMPANY
QUARTERLY REPORT

1st Quarter - 2021

Contents

EXECUTIVE SUMMARY:.....	2
I - HEALTH, SAFETY & ENVIRONMENT:.....	3
II - PRODUCTION / OPERATIONS:.....	6
III – CONSTRUCTION:.....	11
IV – SUBSURFACE:.....	12
V - FINANCE:.....	14
VI – LEGAL AND HR PROCESS:.....	16
VII– ADMINISTRATION & SECURITY:.....	18
VIII – PROCUREMENT & MATERIALS:.....	19
IX – IT:.....	20

EXECUTIVE SUMMARY: *Reported by the President*

A summary of activities during Q1-2021 is provided as follows:

a) Health Safety and Environment:

- On February 12, while a workover crew in Bahar were retrieving a packer, a sub-contractor worker on the rig work floor was injured. The injured person was escorted to the hospital. Unfortunately, the next day the patient passed away. The incident investigation is ongoing with BEOC and the relevant authorities.

In Q1 2021, there were no TRIR's and no other incidents. The TRIR was 0.55 for the quarter. 137 PTWs were issued and 23 STOP cards were collected. 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.

COVID Statistics as of April 8th 2021; Recovered – 183 employees; Infected – 8, Death - 1
Vaccination Statistics as of April 8th 2021; There are total 571 employees over 40 years old in BEOC, 88 employees received the first doze of vaccination; 19 employees received the second doze of vaccination; 22 employees cannot be vaccinated due to chronic disease or had already suffered COVID.

b) Production:

- Oil production was 506 Bopd, due to reinstalling ESP in South GD wells GD 418 and changing out the ESP on GD 465 well.

- Gas production was 20.8 MMcfd, due to the shortfall in B169 wells.

- BEOC also utilized 3.9 MMcfd for fuel gas in Gum Deniz & Bahar operations. The increased gas utilization resulted from having to deliver gas to sales at higher pressure, which required additional compression fuel.

c) Workovers:

- In Gum Deniz, ongoing workovers in the GD 601, 716 and 444, while the following workovers were completed and returned to production; GD 418, 465, 467, 414 and 477.

- In Bahar, well BH 144 and 169 continued fishing and recompletion activities.

d) Construction:

- Offshore construction operations continued on GZU 2, PLT 169, and PLT 70/106 in the Bahar field.

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 continues.

f) General Management

- 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. As of April 7th, 2020, BEOC has had 108 employees tested positive for COVID-19, and one employee passed away from COVID-19 and diabetes complications. BEOC employees are expected to return to general working conditions in April or May 2021.

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

a) HSE statistics 1st Quarter – 2021

	LTI	Man Hours	TRIR	INCIDENTS (FA,LTI,NM, PD,RT)	PTW
1 st Quarter	0	360468	0.55	1	137
Total per year	0	360468	0.55	1	137

Legend:

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

b) High Level Comments HSE for 1st Quarter – 2021 – One Fatal incident recorded during 1st Quarter.

Fatal Incident

On February 12, while WO crew were retrieving the packer, pipe wrench jaw ripped and extension arm was slipped off and back up torque power made the string to turn backwards which was the reason of second pipe wrench hit the chest of the sub-contractor worker on the work floor. Injured person was escorted to the hospital. But unfortunately, next day the patient passed away. The incident investigation is going on.

c) HSE Activity

- HEALTH:

- 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.
- 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
- 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.
- 141 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:

- General HSE induction was conducted for 31 newcomers.
- 12 Safety inspections of BEOCL sites and work performance were carried out.
- 23 STOP cards were collected from BEOCL facilities/Workshops/Platforms. All issued Cards were registered, tracking is in progress.
- 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 29 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 1st Quarter 2021

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

Environmental incident:

- Waste segregation process was supervised by HSE division.
- BEOCL sewage water was disposed through Hovsan Sewage treatment plant.
- “Caspian Sea Monitoring department” of the Ministry of Ecology and Natural Resources with Ecology department of SOCAR conducted ecological monitoring on BEOCL fields according to the annual action plan.

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:

- “Guide to working safely during the coronavirus” for 45 employees
- “Basic offshore safety rules” for 35 employees
- “Safe evacuation technique while emergency” for 33 employees
- “First Aid to injured person” for 32 employees

Total participants were 145 workers.

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

a) Oil and Gas Production Statistics in Gum-Deniz & Bahar fields through 1st Quarter of 2021:

OIL and GAS Production 2021 Budget and Actual																		
Mar-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			0		0		0								0	0	0	0
May			0		0		0								0	0	0	0
June			0		0		0								0	0	0	0
Q2 Average			0		0	0	0							0	0	0	0	0
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:

(Q1) 2021	
Name of operation	Completed operation
Hot light oil operation in wells	9
Fluid level survey	232(17 wells)
Sulfanol treatments in wells	1 well
Salinity measurements in wells	31
Soap stick application in gas wells	

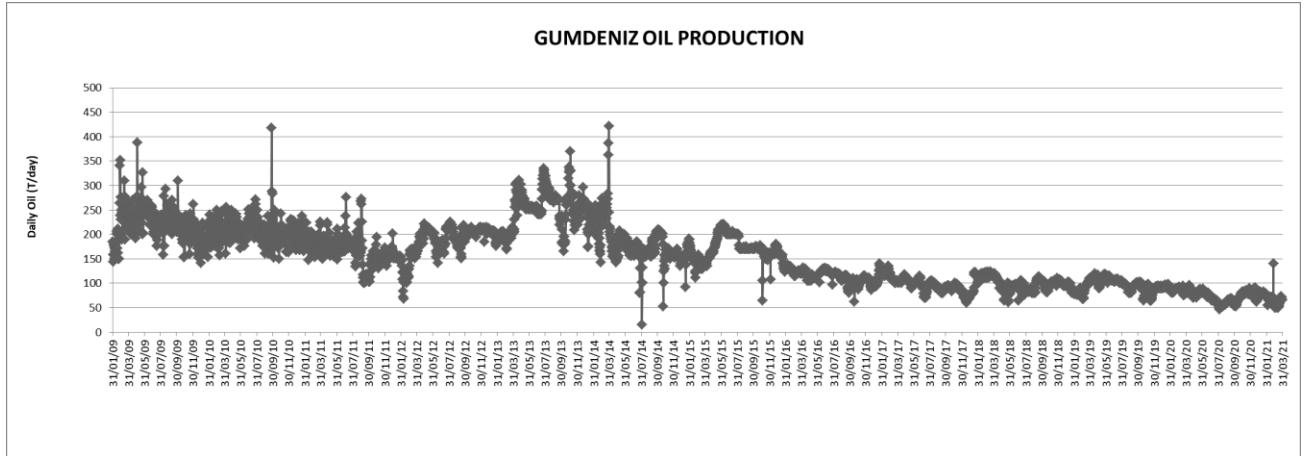
Comments: Oil Production at Gum-Deniz Field during the (Q1) 2021

#	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.444; GD.418; GD.465; GD.467; GD.414; GD.477
3	WOs on-going in the following wells: GD.601; GD.716; GD.444

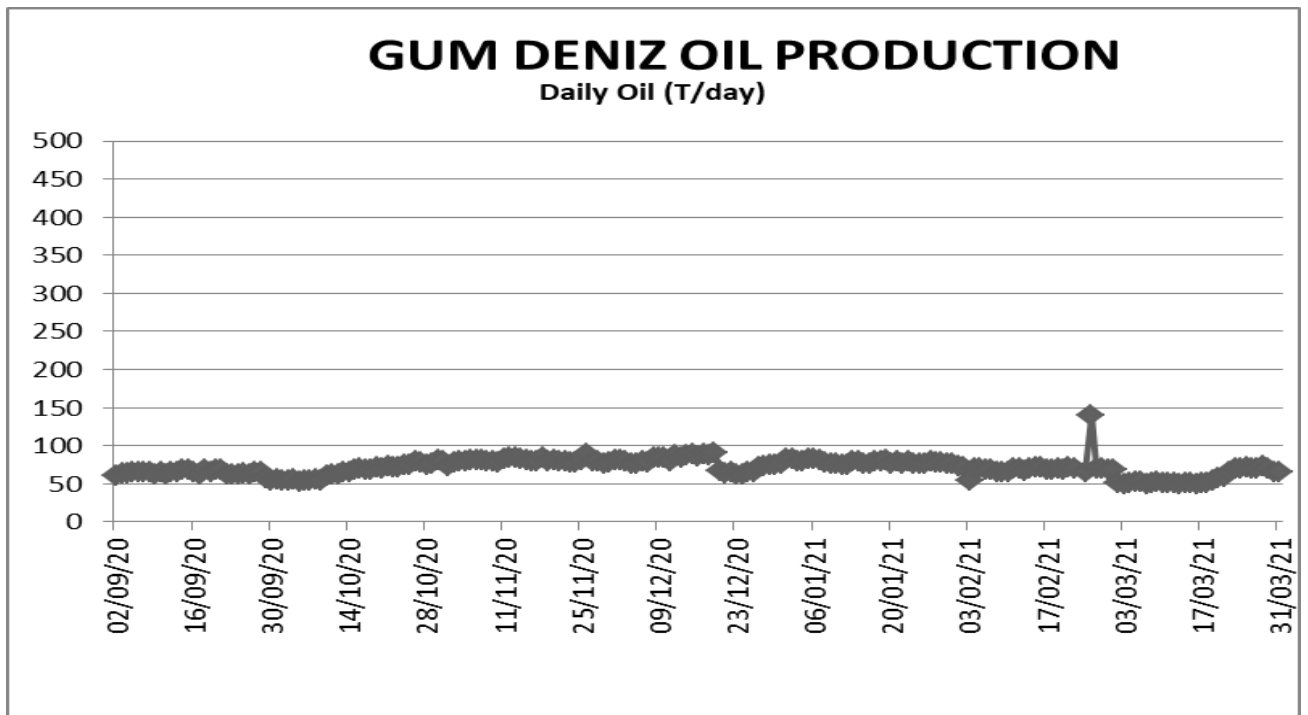
During the reporting period decrease in the production of the wells were observed as follows:

Oil Production Rate Differences Between 4th quarter of 2020 and 1st quarter of 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
4th quarter 2020	1.4	2.3	0.7	0.0	3.5	###	2.3	3.5	9.7	0.0	0.7	7.5	0.0	0.2	3.5	2.5	2.2	0.0	2.6	1.0	2.3	1.8	2.5	3.0	5.5	0.2	3.6	5.2	1.9	1.7	7.4	1.8	1.1	101
1th quarter 2021	1.1	2.2	1.0	0.0	3.9	###	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
Difference																																		
-10.69																																		

c) Monthly Production Graphic for Gum-Deniz field:



d) Oil Production for Last Six Months:

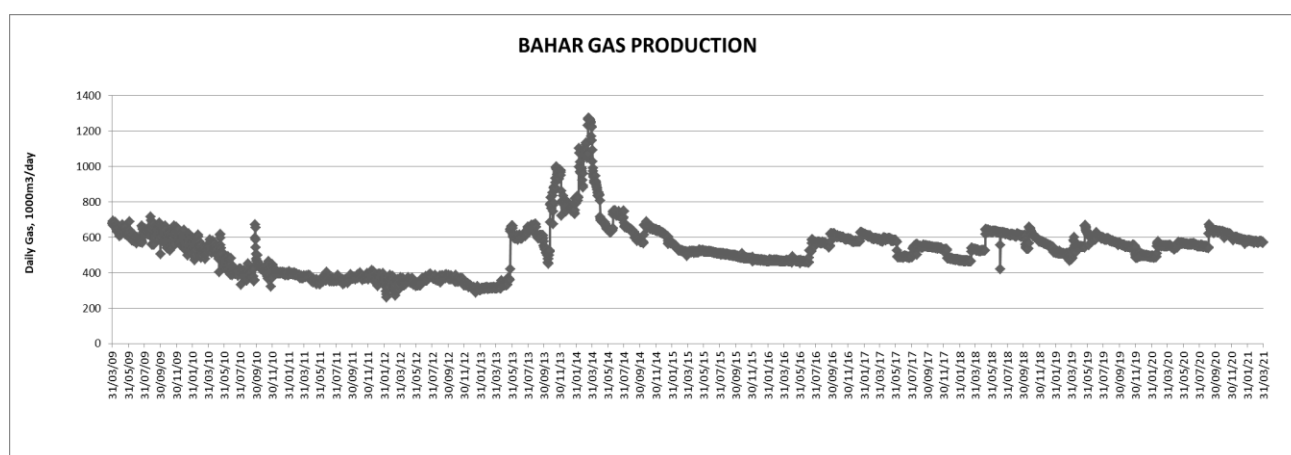


#	Bahar field
1	Quarterly average daily gas production rate at Bahar field was 589 982 m3/day, 20.84 MMcf . In comparison with the 4-th quarter of 2020 1,3 MMcfd increase observed.
2	WOs on going in the following wells: B.196, B.144
3	Construction-repair works are on going on the following PLTs: GZU.2; PLT020; PLT70/106;

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

Gaz Production Rate Differences Between 4th quarter of 2020 and 1st quarter of 2021													
Date / Well#	083	140	144	167	169	170	171	175	179	182	205	241	Total, m3
4th quarter 2020	35000	50000	18000	49000	102000	116000	38000	78000	75000	1000	16000	46000	624,000
1th quarter 2021	34000	48000	3000	43000	94000	116000	38000	77000	75000	1000	15000	44000	588,000
Difference													-36,000

e) Monthly Production Graphic for Bahar field:



f) 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	568							
Pulling Units serving for WO	9	2389	2389	225				
Stationary Type Pump (V-12)	1	108.5	108.5	10				
Stationary Type Pump (V-16)	1			7				
Drawwork (QBQ-120)	2	691.5	691.5	36				
Mobile Boiler Truck (Consisting of two parts)	1	19	19	33				
Cement Trucks serving all BEOC Departments	11	5426	616	387	64			
Water Tank Trucks of Autotransportation Workshop	3	992	128.5	151	8166			
Other vehicles of Autotransportation field	7	2156	289.4	139	1892.6			
Fire trucks	3							
Number of Trucks put back into service after a long term repair works								
Rented Heavy duty trucks						45/373,5	6/months	33/73

Auto-transportation field Logistic Report for Lifting Operations			
<u>01.01.- 31.03.2021</u>			
Months	Orders	Weight (kg)	Hours
GENERAL	<u>Total: 568</u>	<u>Total: 4526000</u>	<u>Total: 1283</u>

MARINE TRANSPORTATION REPORT								
	DAYS	PASSENGER NO		TONNAGE	INCIDENT	REPAIR	SAILING	CANCELLATION
		OUTBOUND	INBOUND					
ULLUCHAY	37 days			1,900,376 kg	NO		TOTAL-92	TOTAL-43
MAGIC-1	37 days	927	896		NO			
XEZER-3	5 days			565.500 kg water	NO			
BMK	7 days (6 days stand by due to weather)				NO			
ZERDAB-3	1 days				NO			
SLV-363	4 days			136,784 liter diesel fuel	NO			
IRGIZ	1 days			170.980 liter diesel fuel 68.000 kg water	NO			

g) Electrical Division:

POWER/ELECTRICITY COST by QUARTER 2021

ACTIVE ENERGY					
LOCATION	I quarter	II quarter	III quarter	VI quarter	TOTAL
Gum-Deniz Field	2,003,000				2,003,000
Compressor station 14	208,000				208,000
Compressor station 1	956,000				956,000
Compressor station 2	1,502,000				1,502,000
Automation	19,200				19,200
Electric workshop	20,000				20,000
Oil Process	250,000				250,000
5000 area	341,000				341,000
Gas Process	19,335				19,335
Workover	82,687				82,687
Offices	108,161				108,161
Transportation	104,020				104,020
Lab	38,074				38,074
Construction	110,180				110,180
Water supply	460				460
TOTAL kWatt	5,762,117				5,762,117
	0.076271187				0
COST AZN/kwatt	439,484				439,484
REACTIVE ENERGY KVAR					

h) WORKOVER:

General Highlights for 1st quarter:

Summary WO's Bahar Q1:

- Continue execution of B196 WO program, couldn't get production from two set of perforated intervals. As per new plan up hole re-completion ongoing at Hor. V.

- Started execution of B144 re-completion at Hor. IX.

Summary WO's South Gum Deniz Q1:

- Successfully completed fishing operation of G418 ESP Assy (parted gas separator). Perforated at the intervals 3665 - 3660m.
- ESP Assy. was replaced at G414. Meanwhile solution with surfactant chemical treatment was implemented. POP.

Summary WO's Gum Deniz Q1:

- Successfully completed fishing operation of G454, recovered stucked ESP Assy (in shroud).
- ESP Assy. replacement were successful executed at G465, G467.

Out of Filed.

- Released purchases and Service request for various type WO Downhole / Handling equipment.
- Coordinating readiness of 160 tonner 28m Derrick with ADO-G Group of Companies. Derrick to be ready by mid of January 2021.

Coordinating WO Tubular Tender technical details with Threeways Steel Co.LTD.

Quarter Workover Statistics

Month	Total WO OPEX completed	Total WO CAPEX completed
January	1	0
February	2	1
March	4	0
Total	7	1

III – CONSTRUCTION: *Reported by Ali Iskender Gurbanzadeh*

CONSTRUCTION PROGRESS REPORT Q1 2021

#	Field/Location	Work Description	Status
Gum-Deniz			
1	Gum-Deniz,Causeways	Completed hammering of 2 piles out of 10" pipes around 74th bad support in between PLT64-66, connecting works in between the piles on-going	in progress
2	Gum-Deniz,Causeways	In order to install 10x10x600mm metal panels at PLT209, mounting of 1st panel was done, welding of the frame and intermediate sections using 60B2 and 40B2 i-beams is on going.	in progress
3	Gum-Deniz,Causeways	Installation of cable supports along the causway	in progress
4	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
5	Gum-Deniz,OP&TCS, 2000m3	At CS the extension of the emulsion line from the technological tanks to the pumping station from 12" pipes and the reconstruction of the foundation of 1 SNS 300x300 pump at the oil pumping station were completed. the re-installed pump was connected to the newly constructed 12" pipeline and the existing 6" outlet line	in progress
Bahar field			
6	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
7	Bahar, PLT-196-20	Moved the crew from Bahar PLT196 to Bahar PLT20. Recovery works over well#206 at PLT20 prepare for WO operations. Assembling of 4th 10x10m metal plate	in progress
8	Bahar, PLT-196	As for WO operations, construction, installation works completed on the well#196 at PLT 196 of Bahar field.	completed
9	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	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	in progress
3	Welding and setting up works in the Fab. shop on the cable spooler used during WO operations (POOH & RIH) at ESP wells of Gum-Deniz field."	in progress
4	Restoration of F197 compressor cylinders & inlet-outlet gas chambers to bring into completely safe commissioning condition of Gas Compressor Unit #5 (inv. N1525) at CS1	in progress
5	Carrying out piling works and connection in between in order to repair the damaged parts of the causeway and the traffick pass in front of PLT66, "Gum-Deniz" area.	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	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
10	Recovery and Repair of 4 hangars side walls and roofing at Central WHSE.	in progress

IV – SUBSURFACE: *Reported Ray Larijani*

- Workover Programs prepared

Well	Job Category	Prepared Work Program Target	Start Date	Final Date	Actual Cost, M\$		
					Jan-21	Feb-21	Mar-21
GD-444	Well service	POOH tubing with gaslift valves . Clean sand plug till TD. RIH 1750 m 2 7/8" tubing with gaslift valves.	17-Jan-2021	29-Jan-2021	\$15.40		
GD-444	Well service	POOH tubing string with gas lift valves. Clean sand plug till TD. RIH 1750 m 2 7/8" tubing with gaslift valves. Logging QR/CCL/QUAD Neutron from 2200m to 1910m with GGI. Further operations will be planned according to GD/QUAD Neutron result.	6-Feb-2021	7-Feb-2021		\$21.00	
GD-444	Well service	RIH special mill set artificial sand plug (10m) to TD. Test feed rate in 2148-2152m intervals. If there is inflow in these intervals plan for cementing operation at these intervals. Clean sand plug till TD.	8-Mar-2021	13-Mar-2021			\$32.00
GD-465	ESP replace	Check TD, if there is a sand plug clean. Check perforation intervals, if they are open, inspect the condition of the pump and run 2500m 2 7/8" tubing with ESP.	29-Jan-2021	5-Feb-2021		\$21.00	
GD-418	Recompletion	Clean till to 1800m. Perforate horizon X 3665-3660m. Run 1750m 2 7/8" tubing with gaslift valves	28-Jan-2021	28-Feb-2021	\$88.00	\$125.00	
GD-418	ESP replace	Check TD, if sand plug clean till to 3670m, set BP at 3658m, run ESP.	27-Mar-2021	Ongoing			\$9.50
GD-414	ESP replace	Clean down to PBD if sand plug is observed. Inspect the condition of the pump and Run 1480m 2 7/8" tubing with ESP .	19-Feb-2021	25-Mar-2021		\$11.50	\$37.50
GD-601	Recompletion	Clean the down to 3220m. Perform INNK between 3220-3000m. Further operations will be planned according to INNK log result.	19-Feb-2021	Ongoing		\$24.00	\$93.00
GD-467	ESP replace	Clean sand till TD.	6-Feb-2021	18-Feb-2021		\$31.00	
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	\$27.00	\$82.00	\$135.00
GD-445	Recompletion	Perforate VIII horizon @ 2324-2322m.					
GD-477	Optimization/ ESP replace	POOH tubing with gas lift valves. RIH special mill to drill cement plug and BP (2478m) wash to the 2509m. Perform INNK log.	8-Mar-2021	13-Mar-2021			\$28.00
GD-716	Recompletion	POOH outer tubing string with gaslift valves. Check TD. If observes sand plug, cleaning have to be done. Perforate horizon FS at 2816-2814m and X at 2624-2618m.	25-Mar-2021	Ongoing			\$52.00
GD-454	ESP recovery		22-Dec-2020	7-Mar-2021	\$62.50	\$89.50	\$96.50
GD-475	ESP replace		28-Mar-2021	Ongoing			\$36.60
B-144	Recompletion	POOH tubing string and retrievable packer. RIH and perform, QR/NGL/CCL (4332-4150m) logging.	26-Mar-2021	Ongoing			\$8.00
				TOTAL	\$192.90	\$405.00	\$528.10

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

Wells logged/re-logged

1. B-196 NGL
2. GD-418 INNK
3. GD-444 QUAD Neutron
4. GD-475 INNK
5. B-196 NGL

Wells completed

1. **B-196 Recompletion.** Recompletion. Run NGL log. Perforated 3735-3740m at horizon VI. No flow. Decision made move up to horizon V, perforated 3710-3712m ongoing operation. Perforated 3710-3712.5m at horizon V. No flow. Run NGL between 3110-2600m intervals. Ongoing.
2. **GD-444 Well service.** TD checked at 2100 m, cleaned till 2360m. While cleaning, tested 2148 – 2152m with no permeability and 2290 – 2293m with low permeability of both perforation intervals separately for feed rate. Not successful.
3. **GD-418 Recompletion/ESP replace.** Expected oil rate is 7 ton/d.
4. **GD-454 ESP recovery.**
5. **GD-445 Recompletion.** Perforated 2324-2322 m at horizon VIII.
6. **GD-465 ESP Replace.** Produces 3 m³/d oil, 80 m³/d water, 1Mm³/d solution gas.
7. **GD-467 ESP Replace.** Produces 1 m³/d oil, 19 m³/d water, 1Mm³/d solution gas.
8. **GD-601 Recompletion.** Expected oil rate is 2 ton/d.
9. **GD-414 ESP Replace.** Acid treatment. Produces 5m³/d oil, 540 m³/d water, 1Mm³/d solution gas.
10. **GD-418 Recompletion/ESP replace.** Perforated 3665-3660m. POP. Expected oil rate is 7 ton/d.
11. **B-144 Recompletion.** Expected gas rate is 50Mm³/d.
12. **GD-475 ESP replace.** POP.
13. **GD-477 Optimization/ESP installation.** POP.
14. **GD-716 Recompletion.**POP. Expected incremental oil rate is 2 ton/d.

Geology

1. **B-196** offset wells analyzed.
2. **GD-445** offset wells analyzed.
3. **GD-716** offset wells analyzed.

Reservoir Engineering

1. Bahar FS-BX-BIX Simulation & WO Candidates Forecast continues.
2. Bahar Horizon VIII simulation history matching continues.
3. Bahar Horizon VII simulation history matching continues.
4. Bahar horizon V correlation and mapping completed.
5. Bahar horizon V simulation history matching continues.
6. GD and Bahar fields long-term 2021-2040 years development plan and economics analysis updated.
7. B-196 WID document prepared for horizon VI.
8. B-196 WID document prepared for horizon V.
9. GD-445 WID document prepared for horizon VIII.
10. WO Success file updated.
11. Monthly Reports for SOCAR (Production, Delivery, Used, Production and Delivery Indicators, Well Fund).
12. Updated Bahar and GD OFGM database.
13. Updated Daily and monthly Production follow up database.

Seismic

1. Work continues on the study of the Kalin suite and its underlying sediments in order to clarify the location of the planned wells, which are planned to be drilled from the island part of the field. Interpretation of the KaS base and underlying horizons is underway in order to study the conditions of sedimentation, as well as the interpretation of tectonic disturbances to prospecting for new hydrocarbon traps.
2. GumDeniz KaS fault and horizon interpretation continues. This is to identify drilling location for Qala formation in this area.

Task Schedule

<u>Tasks started</u>	<u>Start date</u>	<u>Provisional completion date</u>	<u>Completion date</u>
<u>Bahar Field</u>			
Bahar FS-BX-BIX Simulation & WO Candidates Forecast	31 March 2020	31 May 2021	
Bahar horizon VII Simulation & WO Candidates Forecast	15 September 2020	31 May 2021	
Bahar horizon VIII Simulation & WO Candidates Forecast	1 October 2020	31 May 2021	
Bahar horizon V Simulation & WO Candidates Forecast	20 March 2021	31 May 2021	
GumDeniz KaS fault and horizon interpretation continues.	1 December 2020	31 May 2021	
Bahar PK gomodel	26 April 2021	4 May 2021	
Gumdeniz SGD geomodel	1 April 2021	31 May 2021	
GumDeniz KaS detailed seismic study.	25 April 2021	31 May 2021	
<u>Completed</u>			
GD and Bahar long term field development program for 2021-2040 years with economics evaluation prepared.	15 January 2021		30 January 2021
GD and Bahar long term field development program for 2021-2035 years submitted to SOCAR .	10 February 2021		12 February 2021
Bahar horizon V geomodel completed.	9 March 2021		18 March 2021
Bahar PK fault map completed.	1 April 2021		30 April 2021

V - FINANCE: *Reported by Rasul Gafarov*

On a Monthly Base:

Completed Dec-20 – Feb-21 accounting cycles in accordance with the monthly schedule.
 According to JOA issued Dec-20 – Feb-21 Monthly reports to Contractor Parties.
 According to JOA Jan-21 – Apr-21 Cash Calls distributed to Contractor Parties.
 Issued Dec-20 – Feb-21 Additional Monthly reports to Contractor Parties shown below.
 Issued and distributed Dec-20 – Feb-21 Monthly departmental cost reports to Budget Holders / Department Managers.
 Issued and submitted Dec-20 – Feb-21 monthly reports to government bodies.
 Prepared and submitted monthly Dec-20 – Feb-21 Financial Highlights report to the Management.

On a Quarterly Base:

Issued 4Q-20 Additional quarterly reports to Contractor Parties.
 Prepared and submitted 4Q-20 quarterly Financial reports required for GPI.

On an Annual Base:

Continue preparation for 2019 Audit of below shown reports and actions:

- BEL Group Audit - finalized;
- BEOC Cost Recovery Report;
- BEL Profit Tax Return - finalized;

A summary of Production, Revenue, Opex and Capex standing related up to 1Q-2021 is shown in the table below:

Bahar Energy Operating Company Limited
Production & Costs Analysis (Actual versus Budgeted)
as of the end of Q1 2021 (01-Jan-21 - 31-Mar-21)

Production	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Production, boe	306,416	400,310	(93,893)	77%
Crude Oil Production, bbl	47,257	62,873	(15,616)	75%
Petroleum Production, boe	353,673	463,182	(109,509)	76%

USD '000

Revenue	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Sales	4,808	6,461	(1,653)	74%
Crude Oil Sales	2,738	2,515	223	109%
Petroleum Sales	7,546	8,976	(1,430)	84%

Costs	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Capital Costs (CAPEX)	663	4,051	(3,388)	16%
Operating Costs (OPEX) Net of Recoveries by Third Parties	4,977	5,549	(572)	90%
Non-Recoverable Costs (Non-Rec)	-	14	(14)	0%
Total Costs	5,640	9,614	(3,974)	59%

Capital Costs:				
Construction	129	1,227	(1,098)	11%
Production Equipment and Facilities	153	1,047	(895)	15%
CAPEX Other	5	11	(7)	41%
Workover	376	1,766	(1,389)	21%
Capital Costs	663	4,051	(3,388)	16%

Operating Costs:				
Personnel Costs	2,721	2,545	176	107%
Insurance Cost	17	155	(138)	11%
Electricity, Water, Sewage, Gas Usage	263	423	(160)	62%
Fuel	16	20	(4)	78%
SOCAR and State Services	97	103	(6)	94%
Rental of Transportation and Other Equipment	1,007	1,051	(44)	96%
Repair and Maintenance - Wells	258	241	17	107%
Repair and Maintenance - Facilities	406	709	(303)	57%
Materials and Spare Parts - Other	33	74	(41)	44%
Third Party Services	90	126	(37)	71%
General and Administrative Expenses	69	71	(1)	98%
Services Provided by Shareholders	-	30	(30)	0%
Operating Costs	4,977	5,549	(572)	90%
Recoveries from Third Parties	-	-	-	0%
Operating Costs Net of Recoveries	4,977	5,549	(572)	90%

Recoverable Costs Net of Recoveries	5,640	9,600	(3,961)	59%
--	--------------	--------------	----------------	------------

Non-Recoverable Costs:				
Non-Recoverable - Training	-	14	(14)	0%
Non-Recoverable Costs	-	14	(14)	0%

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

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

- LEGAL AND COMPLIANCE

- a) **Contracts**

Contractual review work continued working on and attending negotiations related to various purchase, service and other commercial contracts, as well as advising on different contractual issues, including drafting and reviewing memorandums, termination notices, addendums, protocols, and working on contractual issues related with governing agreements. Draft Deed of Novation on transfer of rights and obligations under GSA from SOCAR to Azercontract was executed and put into implementation.

- b) **Litigation**

- Court case finalized with General Supply by court rejecting to impose interest for late payment and lifting arrest on BEOC property. Letter from Prosecutor's Office related with the death case was addressed with necessary attachments.

- c) **Government relations**

Meetings were held with the generals of the State Border Service regarding installation of surveillance equipment at the Island. Negotiations continued with FHN officers on 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**

Necessary Board Resolutions were drafted, executed and legalized 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; Work and Residency Permit was obtained for G&G Manager. A consent was received from the Operational Headquarters under the Cabinet of Ministers and application package for visa was filed and solicitation for visa approved by the Ministry of Foreign Affairs of Azerbaijan for obtaining a visa for Rep Office President;

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

- Redundancy program was launched 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; Communication was exchanged and meetings held due to wrong cut of reserve line by Azneft's metal collector; Letter was prepared and sent to Labor Inspectorate to address employee complaint; Actions continued for inventory of Admin, Security and IT assets; New documentation and delegation of authorities policy was prepared and executed;

Various SOCAR inquiries for information were addressed; Contacts were maintained with SOCAR and SOCAR Upstream, Cabinet of Ministers Decisions were followed up and subsequent orders were prepared for application at the Rep Office arising from Covid-19 situation; 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 to March 31, 2021: 764, including:
 - Main Office employees - 19
 - Non- Main Office employees - 745
 - of which Expatriates - 2
 - ✓ Terminated: 13 (12- resigned, 1 died)

Absenteeism:

- Sick leaves - 148

b) **Development area**

- Performance appraisal process was conducted for BEOCL employees;

c) **HR Operations**

- Overall 947 HR related operations have been made through this quarter;
- 518 vacations and 148 bulletins have been written and entered to the HRB system;
- 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;
- 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 Agreements were signed with 5 new employees
- Employment Agreements of 17 employees have been prolonged

- Electronic permissions were controlled and updated on e-gov to ensure uninterrupted access of employees to working places.

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

- **ADMIN**

- a) Administrative issues**

- Presentations, schedule changes and route lists were prepared and handed over to Legal & HR Department for issuance of orders on time in lieu with respect to recue-divers of the Security department who travelled to “Bahar” field, and for those who were called back from rest due to these needs;
- Monthly schedules and timesheets for the Administrative and Security departments, 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
- Material request for the purchase of boiler was prepared and submitted;
- SRs were collected from all the structural units for stationery and consolidated list was prepared;
- Outsanding membership fee for New Azerbaijan Party was collected and transferred;
- Inventory check of Administrative Affairs Department together with gardeners of Service Division continued;

- 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.
- Repair works in certain offices is underway. Relocation of items and office equipment in the office under the supervision of the Service Division has been carried out;
- Boiler room has been managed and necessary item replacement were made;
- Bahar field was visited for inventory inspection and inventory records were made;
- The construction of the house for the water meter in the territory of GCS was completed based on the order;
- Water taps and sewage pipes were repaired in administrative buildings and other workshops in the Gum island area;
- Relevant MRs from the office were submitted to the procurement Department for subsequent purchase.

- 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.

- **SECURITY**

- a) Divers & Security**

- Permissions were issued for vehicles requesting entry at BEOC facilities based on request issued for a one time entrance permissions.

- Registration of inflow and outflow of materials, equipment, workers going to the premises via the Access Control Point # 1 is monitored on daily bases.
- Records in the log book of employees who left for Bahar (working per shift) was maintained and their availability at work during Q1 was checked.
- Deployment of employees (working on shifts) to Bahar field on vessels was accompanied by the Department's rescue diver personnel.
- The employees of Security Department measured every person's temperature with special tool whoever enters from checkpoint #1 (due to COVID 19 situation).
- Letters were sent to Chief of "Etalon Security" LTD, in order to get the access for third party employees and special vehicles to be able to enter the "BEOCL" area.
- Specialists of the department took part in the control of the transfer of diesel fuel to "Bahar" area.

b) Civil Defense

- Classes in all categories were held regularly and fully taught on the basis program envisaged in the Civil Defense Annual Plan.
- Employees involved in training were trained in terms of the rules of conduct during emergencies, location at protection facilities and evacuation from dangerous areas, if necessary.
- During the training and exercises, the management of the facility and the commanders of the civil defense forces were able to demonstrate their ability to perform their duties properly.

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

a) Procurement

- 115 MR & SR Received;
- 218 MRs & SRs Received;
- 131 POs and SOs prepared in SUN System;
- 1 MRs canceled/oh hold;
- 3 MRs & SRs passed to Contract/Tender;
- 73 MRs & SRs under sourcing stage.

b) Tender and Contracts

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

- BEOCL 10173 – Rent of ESP's;
- BEOCL 10165 - CS 2 Gas Separator System Renovation;

Tender Packs under evaluation – 2

- BEOCL 10173 – Rent of ESP's;
- BEOCL 10165 - CS 2 Gas Separator System Renovation;

Tenders on hold – 1

- BEOCL 10169 - Supply of steel materials;

Number of Active Contracts

- OPS/WO/LOG – 98 (incl. 16 transportation services and 21 services contracts for empl.);
- Construction - 19
- HSE – 13 (including 1 service contract for empl.);
- G&G – 10 (incl. 1 consultancy contracts & 1 contracts for payment purpose only);
- ADMIN – 18 (incl. 3 service contracts for empl.);
- HR – 5;
- ITC – 12;
- Legal – 16;
- PM – 17 (incl. 1 contracts for payment purpose only);
- Finance – 3;

c) Warehouse and Materials

- **1,158,762.60.00 kg** handled without incident;
- WHS received **87 PO's**, **291-line items** for the amount of **AZN 856,085.31**;
- WHS issued **1231-line items** for the amount of **AZN 1,538,666.33**;
- **77 (seventy-seven)** NCR's raised; **34 (thirty-four)** NCR's was closed;
- Fuel station received **376,156.00** Liter of Diesel;
- Fuel station issued **350,256.00** Liters of Diesel;
- Fuel balance at April 1, 2021, is **44,798.00** Liters;

IX – IT: Reported by Eldar Eyyubov

- Within 1st Quarter was no disruption in IT dept.
- 171 helpdesk requests were processed
- All empty cartridges were replaced
- All new employees were provided with computers and accounts
- All ID cards have been issued
- Installed were equipment of relocated employees
- 2 failed printers were sent to the service center and 7 were fixed in the office
- 15 UPSes were equipped with new batteries
- Subscription for domain name Greenfields Petroleum was prolonged
- Required files have been uploaded to the FTP server for investors
- Kerio Control software was successfully prolonged
- Updating the antivirus on workstations to the latest version was complete
- 100% of computers have been upgraded to Windows 10
- Etalon office was provided by Internet
- Upgraded was Simulation server with new cpu and ram

- The necessary changes have been made to the Greenfields website
- All printers have been checked
- All servers checked and backed up.

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