

**BAHAR ENERGY OPERATING COMPANY**  
**QUARTERLY REPORT**

**4<sup>th</sup> Quarter - 2020**

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## EXECUTIVE SUMMARY: *Reported by the President*

A summary of activities during Q4-2020 is provided as follows:

### a) HSE:

- During Q4, there no vehicle incidents.
- TRIR in Q4 was 0. and for YTD 2020, 0.14. A total of 119 Permits to Work were issued, and 58 stop cards were submitted in the Quarter.
- No hydrocarbon releases occurred.
- During the period, a total of 317 workers participated in 2020 Safety Stand-down Meetings at the various BEOC worksites.

BEOC Board approved a BEOC Corona Virus Plan in Q1

- As preventive actions against coronavirus (COVID 19) infection spread, 25 special hand sanitizer dispensers were installed in BEOC premises. BEOC Offices and employee buses are being regularly sanitized by our HS&E team.
- Workers' temperatures are being measured at the "Gum-Deniz" island Checkpoint, and the workers with high temperatures are sent to the medical clinic.

### b) Production:

- Gum Deniz oil production in Q4 averaged 556 Bopd, up 100 Bopd from Q3 2020. The fourth-quarter output was about 258 Bopd below budget. Oil production was down due to workovers required in the GD 465, 475, 430, 412, and 372 well.
- Bahar gas production averaged 21.1 MMcfd, up about 0.7 MMcfd from Q3-2020, mainly due to the successful recompletion in BH169 well in the horizon IX. Production for Q4 was about 1.2 MMcfd below budget due to the delays in crane vessel support for the movement of workover rigs for gas workovers.
- Overall Production in Gum Deniz and Bahar suffered in Q4 due to poor weather limiting offshore access and activities.

### c) Workovers:

- In Gum Deniz, fourteen workovers were completed on both ESP optimization and the initiation of water injection.
- In Bahar, Well BH 167 was returned to production; and, activities continued on BH 169. Operations on B172 were suspended until the LHD was available.
- Workover Capex spending through Q4-2020 was \$1,212K versus a budget of \$4.4 MM.

### d) Construction:

- The refurbishment of GZU#3 continues with the installation of our 50-ton crane, and 10x10 meter steel panels have progressed with excellent progress to date.
- Construction CAPEX spending through Q4 was \$653K, and \$972K was spent on production equipment and facilities.

### e) Subsurface

- Geology and simulation models are being initialized for BH-BIX, BX, FS, and BH-NKP.
- Work was completed, and the 2019 Bahar Year-End Reserves Report was completed on schedule.
- Work continues on the Plan of Development for the Bahar PSA. The POD should be completed by April for review with SOCAR

**f) Budget:**

- Total Capex spending through Q4, 2020, was \$2.85 million versus \$12.4 million budgeted.
- Total Opex spending through Q4, 2020, was \$23.2 million, versus \$28.5 million budgeted.
- Total Revenue through Q4, 2020 was \$27.4 million, versus \$39.1 million budgeted. Almost \$9MM of the revenue shortfall was due to the lower oil prices in 2020.

The 2021 AWP&B program was completed and approved by the partners at the SC and CMC meeting on December 29, 2020.

<b>Costs</b>		<b>USD '000</b>
		<b>Proposed 2021 Budget</b>
Recoverable Capital Costs (CAPEX)		12,847
Recoverable Operating Costs (OPEX)		22,177
Non-Recoverable Costs		54
<b>Total Costs</b>		<b>35,078</b>

**g) 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.
- BEOC continues to support the Government of Azerbaijan and local authorities in the Nagorno-Karabakh conflict as military personnel return to BEOC and the local communities.

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

### a) HSE statistics 4<sup>th</sup> Quarter – 2020

	LTI	Man Hours	TRIR	INCIDENTS (FA, LTI, NM, PD, RT)	PTW
1 <sup>st</sup> Quarter	0	381290	0	1	224
2 <sup>nd</sup> Quarter	0	321381	0	1	111
3 <sup>rd</sup> Quarter	1	357687	0.56	1	159
4 <sup>th</sup> Quarter	0	371445	0	0	119
<b>Total per year</b>	<b>1</b>	<b>1431803</b>	<b>0.14</b>	<b>3</b>	<b>613</b>

**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 4<sup>th</sup> Quarter – 2020 – No incident recorded during 4<sup>th</sup> Quarter.

### c) HSE Activity

#### - HEALTH:

- The body temperature of the workers coming to the workplaces been measured 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 keep disinfecting the company rented buses as the number of confirmed cases of COVID-19 continues to rise.
- As a preventive measures of the spread of coronavirus (COVID 19) infection and to be confident about health condition of workers before commencing crew change operation for the offshore stuff BEOCL organized medical check-up.
- Installed 25 special dispensers for hand sanitizer are regularly controlled and fulfilled by HSE representatives at the BEOC premises
- 177 BEOC employees applied to the First Aid Room with non-work-related diseases during the reported period. All of them were rendered corresponding examination and treatment.
- Treatment with insecticide, rodenticide, and disinfectant of about 400 m2 were provided at the worksites, workshops, and administrative office buildings.

#### - SAFETY:

- General HSE induction was conducted for 12 newcomers;
- 18 Safety inspections of sites and work performance was carried out;

- 58 STOP cards were collected from BEOC 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;
- HSE Audit of BEOC Permits to Work and associated certificates, verification, risk assessments and other related documentation were monitored.

## - ENVIRONMENT

- Environmental Statistics for 4<sup>th</sup> Quarter 2020

	Spills Number	Spill Volume	Comments
1 <sup>st</sup> Quarter	0	0	0
2 <sup>nd</sup> Quarter	0	0	0
3 <sup>rd</sup> Quarter	0	0	0
4 <sup>th</sup> Quarter	0	0	0
<b>Total per year</b>	0	0	0

### Environmental incident:

- The waste segregation process was supervised by HSE division;
- BEOC sewage water was disposed of through Hovsan Sewage treatment plant;

## d) Training and other activities:

- As a part of HSE assurance plan 2020 Safety Stand-down Meetings were conducted at the BEOC worksites in the following themes:
  - “Basic offshore safety rules” for 163 employees
  - “Guide to working safely during the coronavirus” for 127 employees
  - “First Aid technique for injured person” for 27 employees

The total number of participants was 317 workers.

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

### a) Oil and Gas Production Statistics in Gum-Deniz & Bahar fields through 3<sup>rd</sup> Quarter of 2020:

Oil and GAS Production 2020 Budget and Actual																		
Dec-20	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	93	7.41	686	94	693	109	807	503,369	17,776,476	2,963	493,553	17,429,824	2,905	580,000	20,482,700	3,685	3,591	4,491
February	85	7.47	634	86	644	109	807	520,695	18,388,344	3,065	510,541	18,029,755	3,005	616,000	21,754,040	3,913	3,639	4,720
March	86	7.47	640	86	645	110	814	563,562	19,902,192	3,317	552,572	19,514,080	3,252	617,000	21,789,355	3,920	3,892	4,734
Q1 Average	88	7.45	653	89	661	109	809	529,209	18,689,004	3,115	518,889	18,324,553	3,054	604,333	21,342,032	3,839	3,707	4,648
April		7.47		86	642	110	814	556,996	19,670,314	3,278	546,134	19,286,722	3,214	615,000	21,718,725	3,907	3,214	4,721
May	55	7.46	409	80	596	110	814	571,667	20,188,420	3,365	530,309	18,727,862	3,121	623,000	22,001,245	3,958	3,531	4,772
June	80	7.46	600	80	595	110	814	572,778	20,227,655	3,371	525,926	18,573,077	3,096	636,000	22,460,340	4,040	3,695	4,854
Q2 Average	45	7.46	336	82	611	110	814	567,147	20,028,796	3,338	534,123	18,862,554	3,144	624,667	22,060,103	3,968	3,480	4,782
July	80	7.43	595	66	489	110	814	567,785	20,051,327	3,342	540,580	19,090,583	3,182	644,000	22,742,860	4,091	3,777	4,905
August	85	7.41	629	54	403	110	814	559,590	19,761,921	3,294	517,637	18,280,351	3,047	655,000	23,131,325	4,161	3,676	4,975
September	85	7.36	625	65	477	110	814	641,868	22,667,568	3,778	591,686	20,895,391	3,483	645,000	22,778,175	4,098	4,108	4,912
Q3 Average	83	7.40	616	62	456	110	814	589,748	20,826,939	3,471	549,968	19,422,108	3,237	648,000	22,884,120	4,117	3,854	4,931
October	89	7.35	655	67	494	110	814	644,531	22,761,612	3,794	588,664	20,788,669	3,465	671,000	23,696,365	4,263	4,120	5,077
November	90	7.36	660	81	597	110	814	628,818	22,206,708	3,701	604,367	21,343,221	3,557	659,000	23,272,585	4,186	4,217	5,000
December	85	7.33	621	79	578	110	814	607,851	21,466,258	3,578	591,990	20,906,127	3,484	657,000	23,201,955	4,174	4,105	4,988
Q4 Average	88	7.35	645	76	556	110	814	627,067	22,144,859	3,691	595,007	21,012,672	3,502	662,333	23,390,302	4,208	4,148	5,022

**b) Additional Works:**

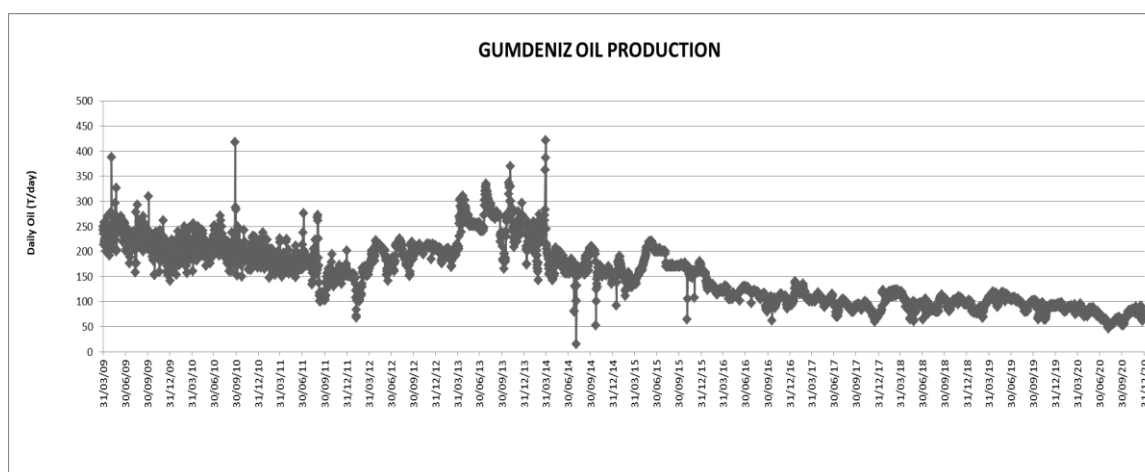
( Q4 ) 2020	
Name of operation	Completed operation
Hot light oil operation in wells	6
Fluid level survey	225(21 wells)
Sulfanol treatment in wells	1 well
Salinity measurements in wells	33
Soap stick application in gas wells	

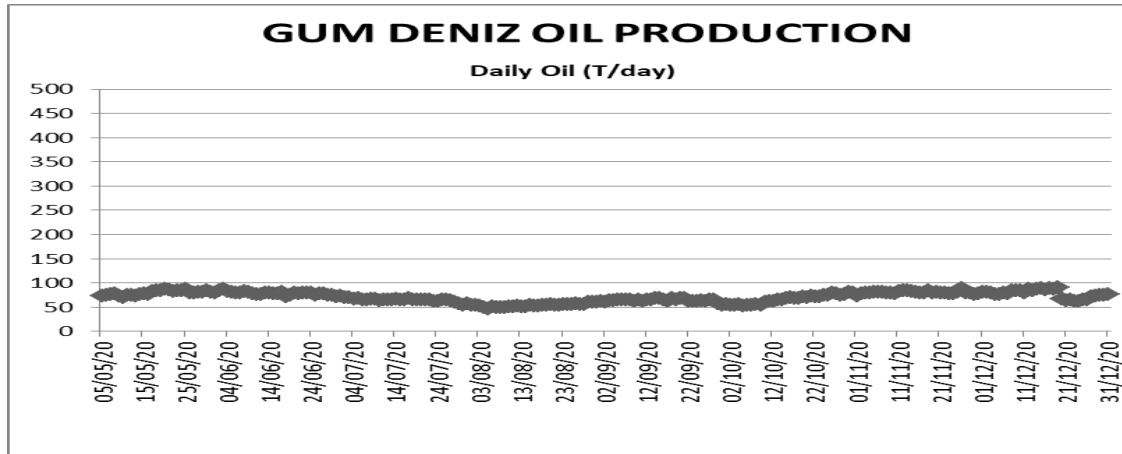
**Comments: Oil Production at Gum-Deniz Field during the (Q4) 2020:**

#	Gum-Deniz field
1	Quarterly average daily production rate at Gum-Deniz field was 76 ton/day, 556 Bopd.
2	During the reporting period after WOs, following wells of Gum-Deniz field were recompleted: <b>GD.465; GD.475; GD.372; GD.430; GD.412; GD.413</b>
3	WOs on-going in the following wells: <b>GD.202; GD.418; GD.454</b>

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

Oil Production Rate Differences Between 2nd and 3rd quarter 2020																																					
Date / Well#	006	009	012	020	038	372	412	413	414	417	418	430	438	444	445	447	456	461	464	465	466	467	468	470	471	475	477	478	479	502	504	601	715	716	774	Total	
2nd quarter 2020	1.6	2.3	0.7	0.0	3.8	20.2	3.2	0.0	3.7	3.9	3.8	0.0	0.5	0.5	11.7	2.7	0.0	0.0	0.0	4.4	1.4	2.5	2.7	2.4	3.0	6.8	3.3	1.9	6.3	0.0	1.8	1.7	6.7	2.1	1.3	107	
3rd quarter 2020	1.6	2.4	0.9	0.0	3.4	18.0	1.9	0.0	11.8	0.5	0.0	0.0	0.0	0.4	4.4	3.0	1.7	0.0	0.0	2.7	1.0	2.3	2.3	2.5	3.2	6.6	1.1	2.0	5.8	0.0	1.9	1.8	8.8	1.9	1.1	95	
																																					-11.93

**c) Monthly Production Graphic for Gum-Deniz field :****d) Oil Production for Last Six Months:**

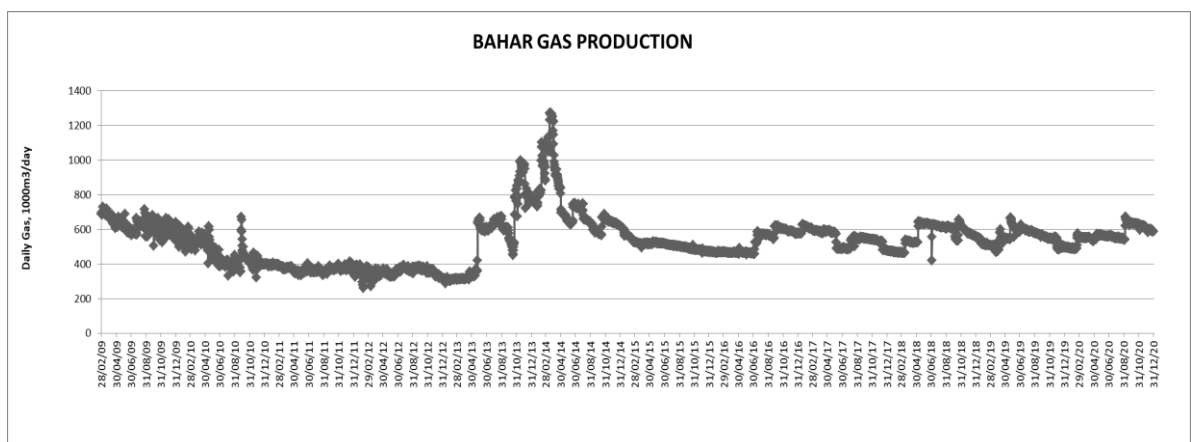


#	Bahar field
1	Quarterly average daily gas production rate at Bahar field was <b>595 007 m<sup>3</sup>/gün, 21.01 MMcf</b> . In comparison with the 3-rd quarter of 2020 1,59 MMcfd increase observed.
2	WOs on going in the following wells: <b>B.172, B.197</b>
3	Construction-repair works are on going on the following PLTs: <b>GZU.2; PLT168; PLT175; PLT196</b>

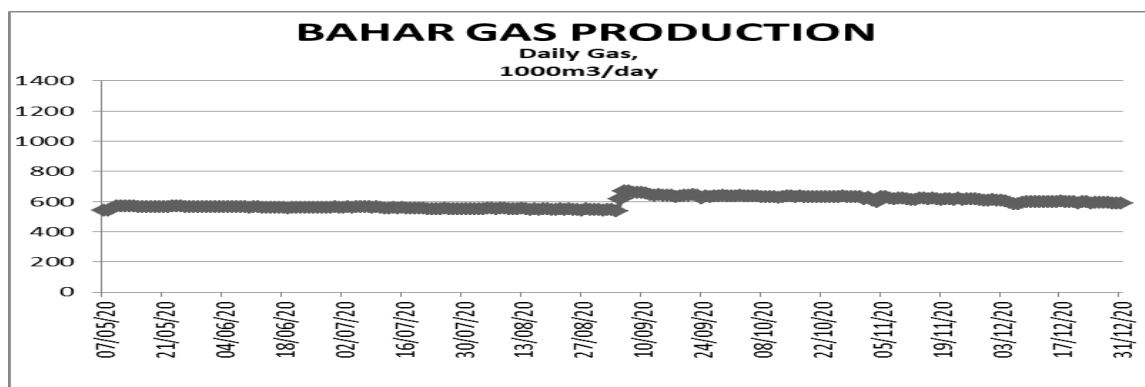
*During the reporting period increase in the production of the wells were observed in the following manner:*

Gas Production Rate Differences in Between 3rd and 4th quarter of 2020														
Date / Well#	083	140	144	167	169	170	171	173	175	179	182	205	241	Total, m3
3rd quarter 2020	37000	50000	26000	59000	31000	120000	41000	0	78000	75000	1000	18000	48000	584,000
4th quarter 2020	35000	50000	18000	49000	102000	116000	38000	0	78000	75000	1000	16000	46000	624,000
														Difference
														40,000

**e) Monthly 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	174							
Pulling Units serving for WO	9	1400	1400	293				
Stationary Type Pump (V-12)	1	45.5	45.5	35				
Stationary Type Pump (V-16)	1			72				
Drawwork (QBQ-120)	2	1550.5	1550.5	76				
Mobile Boiler Truck (Consisting of two parts)	1	4	4	10				
Cement Trucks serving all BEOC Departments	11	3648	394.5	217	6			
Water Tank Trucks of Autotransportation Workshop	3	968	143	126	8789			
Other vehicles of Autotransportation field	7	2720	306.8	23	2424.3			
Number of Trucks put back into service after a long term repair works						22/194	6/months	26/82
Rented Heavy/ Civil Plant trucks							16/months	
Rented Buses								



Auto-Transportation field Logistic Report for Lifting Operations			
01.09.-31.12.2020			
Months	Orders	Weight (kg)	Hours
Total	Total: 172	Total: 2060000	Total: 549

MARINE TRANSPORTATION REPORT								
	DAYS	PASSENGER NO		TONNAGE	INCIDENT	REPAIR	SAILING	CANCELLATION
		OUTBOUND	INBOUND					
ULLUCHAY	66 days			3,594,413 kg	NO		TOTAL-136	TOTAL-20
MAGIC-1	58 days	793	756	16,435 kg	NO	2 days		
SLV-363	4 day			205,176 litr	NO			
SHIRVAN	2 day			324,000 kg	NO			
XEZER-3	6 day			690,000 kg water	NO			

## h) Electrical Division:

**POWER/ELECTRICITY COST by QUARTER 2020**

ACTIVE ENERGY					
LOCATION	I quarter	II quarter	III quarter	IV quarter	TOTAL
GumDeniz - Field	2,447,600	2,410,000	1,814,000	1,854,000	8,525,600
Compressor station 14	460,400	436,000	1,462,000	421,000	2,779,400
Compressor station 1	820,000	937,000	937,000	785,000	3,479,000
Compressor station 2	1,498,000	1,580,000	2,080,000	1,841,200	6,999,200
Avtomotika	21,472	25,331	24,346	22,800	93,949
Electric workshop	24,980	26,836	24,897	22,900	99,613
Oil Process	230,560	254,500	240,000	273,000	998,060
5000 area	462,000	516,000	517,000	451,000	1,946,000
Gas Process	28,093	15,282	10,798	18,094	72,267
Workover	141,412	173,485	141,005	128,881	584,783
Offices	240,660	136,383	153,380	155,252	685,675
Transportation	129,632	147,971	142,276	144,137	564,016
Laboratory	67,375	65,736	60,689	62,561	256,361
Construction	37,995	62,178	88,009	103,923	292,105
Water supply	442	111	154	378	1,085
<b>TOTAL kWatt</b>	<b>6,610,621</b>	<b>6,786,813</b>	<b>7,695,554</b>	<b>6,284,126</b>	<b>27,377,114</b>
<b>TOTAL - AZN</b>	<b>504,200</b>	<b>517,638</b>	<b>586,949</b>	<b>479,298</b>	<b>2,088,085</b>
COST AZN/kwatt					
<b>0.076271187</b>					
REACTIVE ENERGY kVAR	3,377,844	4,075,833	5,239,254	3,123,973	15,816,904

## i) Workover Division:

*General Highlights for 4<sup>th</sup> Quarter:*

**Summary WO's Bahar Q4:**

- WO Fishing operation deferred at B172 due to unexpected object in the well which created stuck of string. Decision been made to defer the operation till BEOCL own Left Hand Equipment available.
- Stopped WO operation at B197 due to active casing collapse at 2828 m.
- Started execution of B196 WO program, re-completion at Hor. VI.
- Moving equipment to B144, plan is re-comletion at Hor. IX.

**Summary WO's South Gum Deniz Q4:**

- ESP replacement was successful executed at G412 and G430 at PL412. Continue fishing operation of G418 ESP Assy (parted gas separator).

**Summary WO's Gum Deniz Q4:**

- G202 WO operation was stopped due to active casing collapse at 1934.59m.
- ESP replacement was successful executed at G372, G475, G465.
- WO fishing operation underway to recover stuck ESP Assy (in shroud).

**Out of Filed.**

- Released purchases and Service request for various type WO Downhole / Handling equipment.
- Coordinating rediness 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.

*Quarterly Workover Statistics:*

Month	Total WO OPEX completed	Total WO CAPEX completed
October	4	2
November	3	0
December	0	4
Total	7	6

**III – CONSTRUCTION:** *Reported by Ali Iskender Gurbanzadeh*

## CONSTRUCTION PROGRESS REPORT Q4 2020

#	Field/Location	Work Description	Status
<b>Gum-Deniz</b>			
1	Gum-Deniz,Causeways	In order to prevent the breakage of crossbars connecting the overpasses #13-14 and 14-15 in between the Coast and Causeway PLT62, 11 piles were hammered in the areas between the wrecked piles and connecting works were carried out in the intermediate parts.	in progress
2	Gum-Deniz,Causeways	In order to install 10x10m metal panels at PLT209, 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	OGSU#1 of Compressor Stations	In order to complete construction project, finished Installation of 20" gate valves on production line considered between OGSU#1 of Compressor Stations, to 2000m3 tank farm at Gas Collection, Processing and Delivery Unit and Oil Processing Unit. Prep. for UT and leak test of finished welding joints . Installation of the service workfloors around 20" gatevalves	in progress
<b>Bahar field</b>			
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. Reinforcement of lines coming from wells in the southern part of the existing working site and installation of 6x10m service area. Proceeding with the installation of comb type separator and welding works.	in progress
7	Bahar, PLT-168	The repair of the workfloor of the well#165 and rotary supports have been carried out. Preps to move the crew to PLT20 Bahar field.	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	Moving the equipment and shacks from PLT BH175 to BH160/70. Repair and installation works on the well#74 at PLTBH 106/706 preparation for WO operations.	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	temporarily suspended
2	"The engine base of 2SQ-50 type compressor unit No. 12 was repaired in the machine hall of compressor station No. 14 and the inlet-outlet pipelines to the machine were connected at CS, Gas Collection and Transportation areas. Flooring around the unit is being installed, works are on-going.	in progress
3	Linking works of 4th, 1st tanks and 12" line @ 5000 area of Pump Station and Oil Preparation & Transportation field were completed. Pipeline supports' installation works are done.	completed
4	Pipe-fitting joints were prepared in department's workshop for repair of the platform and placement of the collector spools, 2 separators, technological pipelines at GZU # 2 "Bahar" field. Works are on-going	in progress
5	Linking works are carrying out in between old gas lift pipeline along the dam road and the entrance and existing water line close area to the "Halikarnas" restaurant as well as installation of vertical pipeline supports. Works are on-going.	in progress
6	The repair of pump No. 12 NDS type salty water line outlet at the water pumping station of the compressor station No. 1 of "Pump Station and Oil Preparation & Transportation field" was partly completed. The linking to existing system is temporary on hold.	temporary on hold
7	Repairs are carried out on corroded pipeline supports of 20" production pipeline along the causeway and entrance road. Works on-going	in progress
8	The construction of oil trap at Oil Preparation & Transportation field. Completion of the concrete for the sea platform. Construction works in progress	in progress
9	Works are carried out on installation of new foundation for under the engine of pumpstation at 5000 area of Oil Prep. & Transport. Field. Works are done.	completed

IV – SUBSURFACE: *Reported Ray Larijani*

## - Workover Programs prepared

Well	Job Category	Prepared Work Program Target	Start Date	Final Date	Actual Cost, M\$		
					Oct-20	Nov-20	Dec-20
B-172	Fishing / Recompletion	Clean well till 3885m. Fishing of damaged tubings, clean till 4695m. Perform GR/NGL/CCL logging on 4695-3600m intervals. Further operations will be planned according to logging results. (September-2020 plan).	10-Sep-2020	Ongoing	\$57.0	\$86.0	\$126.0
B-197	Fishing / Recompletion	Fishing of damage tubing strings. Clean well down to 3852m. Perform QR/NGL/CCL(3852-2630m) logging. Further operations will be planned according to GR/NGL results.	27-Sep-2020	18-Dec-2020		\$33.0	\$50.0
B-196	Fishing / Recompletion	QR/NGL/CCL(3760-3600m) logging. Clean well down to 3760m. Further operations will be planned according to GR/NGL results.					
GD 202	Fishing / Recompletion		21-Oct-2020	2-Nov-2020	\$47.5	\$60.5	
GD 372	ESP replace	Pull the tubing string with ESP. Check TD, if there is a sand plug, clean till 3670m. Inspect the condition of the pump and run 2090m 2 7/8" tubing with ESP.	5-Oct-2020	10-Oct-2020	\$23.0		
GD 412	ESP replace	Pull the tubing string with ESP out of the well. Run 2.5"-1820m tubing with ESP.	15-Oct-2020	14-Nov-2020	\$13.5		
GD 413	ESP replace	POOH tubing. RIH special mill set artificial sand plug at 3510m. 2930-2937m damaged zone will be tested for feedrate. if there is a feedrate perform remedial cementing works. RIH special mill clean well from 3510m to TD. Further operations will be planned according to INNG results.	27-Oct-2020	14-Nov-2020	\$29.2	\$43.2	
GD 418	ESP replace		27-Nov-2020	Ongoing		\$25.0	\$55.0
GD 430	ESP replace	Check TD, if there is sand plug clean till TD. Inspect the condition of the pump and run 1820m 2 7/8" tubing with ESP. (September-2020 plan).	26-Sep-2020	10-Oct-2020	\$16.5		
GD 454	ESP recovery	POOH 2 7/8" tubing with ESP. RIH 2 7/8" tubing 40m in the well.	22-Dec-2020	Ongoing			\$43.0
GD 465	ESP replace	Check TD, if there is sand plug, clean. Inspect the condition of the pump and run 2500 m 2 7/8" tubing with ESP.	3-Nov-2020	10-Nov-2020		\$27.6	
GD 475	ESP	Run sand bailer to clean down to 2676m if there is a sand plug. Inspect the condition of the pump and Run 2230m 2 7/8" tubing with ESP.	30-Sep-2020	8-Oct-2020	\$10.4		
GD 477	Acidizing	If the perforation zone is plugged, pull the tubing string with gaslift valves out of the well. Run Sand Bailer to clean the sand, if doesn't work, wash the sand with the washing tool. If the perf zone open, run GGI Memory Gauge tool, shut the well for 24 hour for PBU test. Perform injection of 15m3 of (15% HCL+1.5% HF) acid. In the next step injection of 5.5m3 of chemical treatment (ECMBE). Chase pumped acid w/ 10m3 of water into the well in order to deliver the acid into the productive zone.					
				TOTAL	\$197.10	\$275.30	\$274.0

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

## - Wells logged/re-logged

- None

## - Wells completed

- B-172 Fishing/Recompletion. Postponed. Expected gas rate is 50 Mm3/d free gas.
- B-197 Fishing/Recompletion. Unsuccessful due to casing collapse at 2837.67m.
- GD-202 Fishing. Expected oil rate is 7t/d.
- GD-372 Well service. ESP replacement. Well produces 20 t/d oil, 245m3/d water and 3 Mm3/d solution gas.
- GD-412 Well service. ESP replacement. Well produces 4t/d oil, 256m3/d water.
- GD-413 Well service. ESP replacement. Well produces 2 ton/d oil, 270 ton/d water and 1 Mm3/d solution gas.

- GD-418 Well service ESP replacement /Fishing. Plan is to run INNK log and plan further as per results of log analysis. Ongoing.
- GD-430 Well service.ESP replacement. Well produces 6 t/d oil, 327m3/d water and 1 Mm3/d solution gas.
- GD-454 Well service. ESP recovery.
- GD-465 Well service. ESP replacement. Well produces oil rate is 3 ton/d water rate is 90 ton/d, solution gas is 1 Mm3/d.
- GD-475 Well service. ESP replacement. Well produces 5 t/d oil, 306m3/d water and 3 Mm3/d solution gas.

**a) Cased-hole logging**

Interpreted logs from GGI:

- None

**b) Geology**

- Bahar field horizon VII geomodelling completed.
- Potential WO candidates for GOC were evaluated on Dashgil, Duvanny, Kyanizadag and Solakhay Fields.
- Bahar field horizon VII geomodelling completed.
- Potential WO candidates for GOC were evaluated on Dashgil, Duvanny, Kyanizadag and Solakhay Fields.
- Bahar Horizon VIII correlation and thickness maps for geological model completed.
- Bahar Horizon VIII geological model built.

**c) Reservoir Engineering:**

- Bahar FS-BX-BIX Simulation & WO Candidates Forecast continues.
- B-197 WID document prepared.
- GD-477 PBU test interpretation.
- Meeting with SOCAR UPSTREAM about Annual Work Program of 2021.
- Bahar Horizon VII hydrodynamic geological model built , hydrodynamic model initialized.
- Bahar Horizon VI hydrodynamic geological model matched.
- WO Success file updated.
- Monthly Reports for SOCAR (Production, Delivery, Used, Production and Delivery Indicators, Well Fund).
- Updated Bahar and GD OFGM database.
- Updated Daily and monthly Production follow up database.

**d) Seismic**

- Bahar field BVII fault system review completed.
- Gobustan 3D seismic cubes are loaded to the project and interpretation started.
- Bahar BVIII fault system review
- Gobustan 3D seismic cubes are loaded to the project and interpretation

**e) Task Schedule**

<u>Tasks started</u>	<u>Start date</u>	<u>Provisional completion date</u>	<u>Completion date</u>
Bahar horizon VII Geomodelling, Simulation & WO Candidates Forecast	15 September 2020	31 January 2021	
Bahar horizon VIII Geomodelling, Simulation & WO Candidates Forecast	1 October 2020	30 April 2021	
Geology Model Bahar Horizon VIII	26 November 2020	15 January 2021	
Dynamic Model Bahar Horizon VIII	7 December 2020	30 April 2021	
<u>Completed</u>			
Prepared GOC data.	1 October 2020		15 October 2020
Potential WO candidates for GOC were evaluated on Dashgil, Duvanny, Kyanizadag and Solakhay Fields.	16 October 2020		31 October 2020
Bahar BVII fault system review	20 September 2020		10 October 2020
Bahar horizon VII geomodelling completed.	10 October 2020		31 October 2020
GD-477 PBU test interpretation.	30 October 2020		30 October 2020
Bahar BVIII fault system review	10 November 2020		30 November 2020
Bahar Horizon VIII correlation and thickness maps for geological model	6 November 2020		25 November 2020
Gobustan 3D seismic cubes are loaded to the project and interpretation	20 October 2020		20 November 2020
Bahar horizon VII geomodelling completed.	1 October 2020		30 December 2020

**Work continues on Bahar and GD development plans for management.**

## V - FINANCE: *Reported by Rasul Gafarov*

### a) On a Monthly Base:

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

### b) On a Quarterly Base:

- Issued 3Q-20 Additional quarterly reports to Contractor Parties.
- Prepared and submitted 3Q-20 quarterly financial reports required for GPI.

### c) 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 4Q-2020 is shown in the table below:

**Bahar Energy Operating Company Limited**  
**Production & Costs Analysis (Actual versus Budgeted)**  
**as of the end of Q4 2020 (01-Jan-20 - 31-Dec-20)**

<b>Production</b>	<b>Actual</b>	<b>Approved Budget</b>	<b>Over/(Under) Difference</b>	<b>Performance, %</b>
Natural Gas Production, <b>boe</b>	1,207,337	1,362,957	(155,619)	89%
Crude Oil Production, <b>bbl</b>	208,792	298,191	(89,399)	70%
<b>Petroleum Production, boe</b>	<b>1,416,129</b>	<b>1,661,147</b>	<b>(245,018)</b>	<b>85%</b>

**USD '000**

<b>Revenue</b>	<b>Actual</b>	<b>Approved Budget</b>	<b>Over/(Under) Difference</b>	<b>Performance, %</b>
Natural Gas Sales	19,107	21,999	(2,892)	87%
Crude Oil Sales	8,281	17,146	(8,865)	48%
<b>Petroleum Sales</b>	<b>27,388</b>	<b>39,145</b>	<b>(11,757)</b>	<b>70%</b>

<b>Costs</b>	<b>Actual</b>	<b>Approved Budget</b>	<b>Over/(Under) Difference</b>	<b>Performance, %</b>
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Capital Costs (CAPEX)	2,846	12,435	(9,589)	23%
Operating Costs (OPEX) Net of Recoveries by Third Parties	23,292	28,510	(5,219)	82%
Non-Recoverable Costs (Non-Rec)	0	47	(46)	1%
<b>Total Costs</b>	<b>26,138</b>	<b>40,992</b>	<b>(14,854)</b>	<b>64%</b>

<b>Capital Costs:</b>				
Construction	653	4,953	(4,300)	13%
Production Equipment and Facilities	972	2,815	(1,843)	35%
CAPEX Other	10	89	(79)	11%
Workover	1,212	4,409	(3,197)	27%
Seismic and G&G	-	170	(170)	0%
<b>Capital Costs</b>	<b>2,846</b>	<b>12,435</b>	<b>(9,589)</b>	<b>23%</b>

<b>Operating Costs:</b>				
Personnel Costs	11,822	14,436	(2,613)	82%
Insurance Cost	738	853	(115)	86%
Electricity, Water, Sewage, Gas Usage	1,253	1,807	(554)	69%
Fuel	68	159	(91)	43%
SOCAR and State Services	455	657	(202)	69%
Rental of Transportation and Other Equipment	4,745	5,215	(470)	91%
Repair and Maintenance - Wells	1,103	1,286	(183)	86%
Repair and Maintenance - Facilities	2,361	2,565	(204)	92%
Materials and Spare Parts - Other	44	154	(110)	29%
Third Party Services	243	316	(73)	77%
General and Administrative Expenses	446	586	(140)	76%
Services Provided by Shareholders	13	475	(462)	3%
<b>Operating Costs</b>	<b>23,292</b>	<b>28,510</b>	<b>(5,219)</b>	<b>82%</b>
Recoveries from Third Parties	-	-	-	0%
<b>Operating Costs Net of Recoveries</b>	<b>23,292</b>	<b>28,510</b>	<b>(5,219)</b>	<b>82%</b>

<b>Recoverable Costs Net of Recoveries</b>	<b>26,138</b>	<b>40,946</b>	<b>(14,808)</b>	<b>64%</b>
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<b>Non-Recoverable Costs:</b>				
Non-Recoverable - Training	0	47	(46)	1%
<b>Non-Recoverable Costs</b>	<b>0</b>	<b>47</b>	<b>(46)</b>	<b>1%</b>

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 reviewed.

**b) Government relations**

- Additional letters were prepared and sent to SOCAR and Cabinet of Ministers regarding delays of payments for natural gas sold. Follow-up contacts were maintained with the President's Administration. Letter was prepared and sent to Labor Inspectorate to respond to allegations by NGO Chairwoman Mirvari Gahramanli and various employees;

**c) Corporate issues**

- Board Resolutions were drafted to address outstanding liabilities to certain vendors. Board changes were finalized at JAFZA due to departure of one of the BEOC Board members;

**d) Expat employee documentation**

- 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; A new letter was prepared and sent to the Operational Headquarters under the Cabinet of Ministers, State Migration Service and Ministry of Foreign Affairs for obtaining a visa for Rep Office President;

**e) Other Legal Issues/ Document control and Translation/Interpretation Support**

- Meetings were held with Trade Union Chairman re salary delays and confrontations at G&G Department; Redundancy of one vice-president position was implemented; Order on restructuring of Finance, Procurement, Materials and Logistics departments, as well as Operations Department and change of subordination was issued, multiple related documents were prepared in connection with this restructuration; necessary package of documents was prepared, liaised with SOCAR and executed for the write off of marine vessel, draft new Statute for Administrative department was drafted; Actions continued for inventory of Admin, Security and IT assets; 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.



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

**f) Compliance issues**

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

- HUMAN RESOURCES

**a) Personnel Administration & Compensation**

✓ Staff employees:

- ✓ Total employees number to December 30, 2020: 772, including:

- Main Office employees- 20
- Non- Main Office employees - 752
- Expatriates- 3

- ✓ Terminated: 9 (6- resigned,3 died)

*Absenteeism:*

- ✓ Sick leaves- 160

**b) Development area**

- Performance appraisal process was conducted for BEOC employees;

**c) HR Operations**

- Overall 968 HR related operations have been made through this quarter;
- 336 vacations and 160 bulletins have been written and entered into the HRB system;
- SOCAR and SOCAR Upstream were provided with headcount report;
- Annual expat employee forecast was submitted to SOCAR;
- Review of employee personal files continued, JDs and other documents were updated and filed;
- Employee complaints and related SOCAR and Labor Inspectorate letters were responded to;
- Heads of departments were provided with daily attendance reports after analysis of data;
- 4 orders issued on departmental structure changes;
- 3 correspondence was sent to third parties;
- 86 employees' position names were changed;
- Employment of 32 employees have been terminated and re-employed
- Electronic permissions were controlled and updated on e-gov to ensure uninterrupted access of employees to working places.

## VII– ADMINISTRATION & SECURITY: *Reported by Elshad Hasanov*

**a) Administrative issues**

- 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 Administration warehouse.

- Monthly reports on turnover goods and materials, low value goods and write off acts as well as low value goods use acts were prepared
- SRs were collected from all the structural units for stationery and consolidated list was prepared;
- Outstanding membership fee for New Azerbaijan Party was collected and transferred;
- Inventory check of Administrative Affairs Department together with gardeners of Service Division continued;
- 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.
- Severely damaged company name and logo at the main checkpoint were removed and replaced with a new one.

#### **b) Security**

- During Q4, 1093 persons and 716 vehicles entered to BEOC's 822 areas 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.
- The employees of Security Department measure every person's temperature with special tool whoever enters from checkpoint #1.
- During Q4, the specialists of department took part in the control of the transfer of 355176 liters of diesel fuel to "Bahar" area.
- 1 letter have been sent to Karim Rzayev, the chief of "Etalon Security" LTD, in order to get the permission certificates for 413 employees and 10 special vehicles to be able to enter the "BEOCL" area, according to the provisions of the contract;
- Classes in all categories were held regularly and fully taught on the basis of a 15-12 hour program envisaged in the 2020 Civil Defense Annual Plan.
- The trainings and drills provided for in the Civil Defense Plan were organized and conducted in a timely manner, and the set goals were fully achieved;
- Employees involved in training on the basis of a 12-hour program 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;
- 121 PO's and SO's prepared in SUN System;
- 0 MR's canceled/oh hold ;
- 3 MR &SR passed to CONTRACT/TENDER;
- 45 MR's & SR's under sourcing stage Tender and Contracts.

#### **b) Tender and Contracts**

##### **- Tender Packs under RFI – 2**

- BEOCL 10172 - Supply of workover's tubular;
- BEOCL 10173 - Rent of ESP's.

**c) Tender Packs under ITT (bids submission period) – 4**

BEOCL 10169 – Supply of steel materials;  
BEOCL 10171 – Supply of pipes;  
BEOCL 10172 – Supply of workover's tubular;  
BEOCL 10173 – Rent of ESP's.

**d) Tender Packs under evaluation – 3**

BEOCL 10169 – Supply of steel materials;  
BEOCL 10171 – Supply of pipes;  
BEOCL 10172 – Supply of workover's tubular.

**e) Tender RCAs approved – 2**

BEOCL 10171 – Supply of pipes;  
BEOCL 10172 – Supply of workover's tubular.

**f) Tendered Contracts placed – 2**

BEOCL 10171 – Supply of pipes;  
BEOCL 10172 – Supply of workover's tubular.

**- Number Of Active Contracts**

- OPS/WO/LOG - 107 (including 16 transportation services and 18 services contracts for empl.)
- CONSTRUCTION - 19
- HSE – 12 (1 service contract)
- G&G - 11 (incl. 3 consultancy contracts & 2 contracts for payment purpose only)
- ADMIN – 19 (incl. 1 service contracts for empl.)
- HR – 5
- ITC – 11
- LEGAL – 15
- PM –16 (incl. 4 contracts for payment purpose only)
- FINANCE – 4

**Number of Addendums / Extension – 8**

**g) Warehouse and Materials**

- **754,744.00** kg handled without incident;
- WHS received **117 PO's, 447** line items for the amount of **AZN 1,391,047.06** ;
- WHS issued **1112** line items for the amount of **AZN 1,391,047.88** ;
- **70 (seventy)** NCR's raised; **62 (sixty two)** NCR's was closed;
- Fuel station received **410,352.00** Liter of Diesel;
- Fuel station issued **398,609.00** Liters of Diesel;
- Fuel balance for January 1, 2021, is **18,898.00** Liters.

## IX – IT: Reported by Eldar Eyyubov

- Within 4<sup>th</sup> Quarter was no disruption in the IT dept.
- 253 helpdesk requests were processed
- All empty cartridges were replaced
- All new employees were provided with computers and accounts
- All ID cards have been issued
- Fixed problem with large network printer in the second floor of main building
- Fixed failed computer on Compressor station
- Fixed problem with the computer at the gas station
- Some big data was received from VITOL partners and passed to Geology department
- Some IT consumables were received
- Installed was Socar-SAP software for finance dept.
- Google subscription was prolonged
- Antivirus software license has been prolonged for next year
- Firewall/Web filter software license has been prolonged for next year
- The annual inventory was completed
- In connection with the reconstruction roof of the head office, the antenna transmitting the Internet to remote offices was reinstalled
- The necessary changes have been made to the Greenfields website
- All printers have been checked
- All servers checked and backed up.

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