

BAHAR ENERGY OPERATING COMPANY
QUARTERLY REPORT

3rd Quarter - 2020

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EXECUTIVE SUMMARY: *Reported by the President*

A summary of activities during Q3-2020 is provided as follows:

a) HSE:

- During Q3, there was one vehicle incident. On August 11th, a BEOC rigger was bitten by a snake at a compressor station. He was treated, and snake repellent was distributed around the site buildings and facilities.
- TRIR in Q3 was 0.56 and for YTD 2020 0.18. A total of 159 Permits to Work were issued, and 65 stop cards were submitted in the Quarter.
- No hydrocarbon releases occurred.

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.
- To take necessary precautions for the prevention of potential employee infections from the coronavirus (COVID 19), the Representative Office of "Bahar Energy Operating Company Limited" in the Azerbaijan Republic sent all non-critical employees on paid unplanned vacation from March 29, 2020, till December 1, 2020.

b) Production:

- Gum Deniz oil production in Q2 averaged 456 Bopd, down 155 Bopd from Q2 2020. The third-quarter output was about 302 Bopd below budget. Oil production was down due to workovers required in the GD 465, 477, 467, 478, 418, and 372 well.
- Bahar gas production averaged 19.4 MMcfd, up about 0.6 MMcfd from Q2-2020, mainly due to the successful recompletion in BH169 well in the horizon IX. Production for Q3 was about 3.5 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 Q3 due to limited workover activities due to the COVID 19 precautions.

c) Workovers:

- In Gum Deniz, fourteen workovers were completed on both ESP optimization and the initiation of water injection. A newly constructed 28 m derrick was successfully installed on platform 412 in South Gum Deniz. The derrick is being used to replace ESP's in these wells with GD418 and 430 completed in Q3. BEOC is moving forward with six wells to be equipped with ESPs and powered by onsite power generation purchased and installed in Q2.
- In Bahar, Well BH 167 was returned to production; and, activities continued on BH 169 and 144.
- Workover Capex spending through Q3-2020 was \$921K versus a budget of \$4.2 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 Q3 was \$495K, and \$949K 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 for a Plan of Development for the Bahar PSA.

f) Budget:

- Total Capex spending through Q3, 2020, was \$2.37 million versus \$10.8 million budgeted.
- Total Opex spending through Q3, 2020, was \$18.1 million, versus \$21.6 million budgeted.

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.

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

a) HSE statistics 3rd Quarter – 2020

	LTI	Man Hours	TRIR	INCIDENTS (FA,LTI,NM, PD,RT)	PTW
1 st Quarter	0	381290	0	1	224
2 nd Quarter	0	321381	0	1	111
3 rd Quarter	1	357687	0.56	1	159
Total per year	1	1060358	0.18	3	494

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 – 2020 – One Medical treatment was recorded.

Medical treatment incident

On 11.08.2020 at 09:35 the snake bite incident occurred with Musayev Kemaleddin Tofiq, BEOC rigger of the transportation department at the #2 compressor station. During the lifting of concrete plates by track-crane Kemaleddin Musayev got snake bite injury from his right hand finger by hidden snake under the concrete plate. Injured Person was delivered to the toxicology hospital. He returned to his normal duties after healing period.

c) HSE Activity

- HEALTH:

- Medical check-ups are organized as preventive measures from the spread of (COVID 19) infection and to make sure that the health condition of workers before commencing crew change operation is normal.
- The body temperature of the workers coming to the work places 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.
- Installed 25 special dispensers for hand sanitizer are regularly controlled and fulfilled by HSE representatives at the BEOC premises
- 137 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;
- 20 Safety inspections of sites and work performance were carried out;
- 65 STOP cards were collected from BEOC facilities/Workshops/Platforms. All issued Cards were registered, tracking is in progress;
- Monthly inspection of firefighting equipment was provided and reported. The firefighting the 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 3rd Quarter 2020

	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 incident:

- 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:
 - “Bus driver responsibility during pandemic period” for 13 employees;
 - “Basic offshore safety rules” for 152 employees
 - “First Aid information for snakebite cases.” for 50 employees
 - “First Aid technique for injured person” for 10 employees,
 - “Guide to working safely during the coronavirus” for 200 employees

The total number of participants was 425 workers.

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

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

OIL and GAS Production 2020 Budget and Actual																		
Sep-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	3,656	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	3,709	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	3,962	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	3,776	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	3,921	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	3,961	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	3,966	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	3,949	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	3,830	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	3,697	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	4,255	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	3,927	4,931
October																		
November																		
December																		
Q4 Average																		

b) Additional Works:

(Q3) 2020	
Name of Operation	Completed Operation
Hot light oil operation in wells	10
Fluid level survey	266(18 wells)
Sulfanol treatment in wells	
Salinity measurements in wells	35
Soap stick application in gas wells	

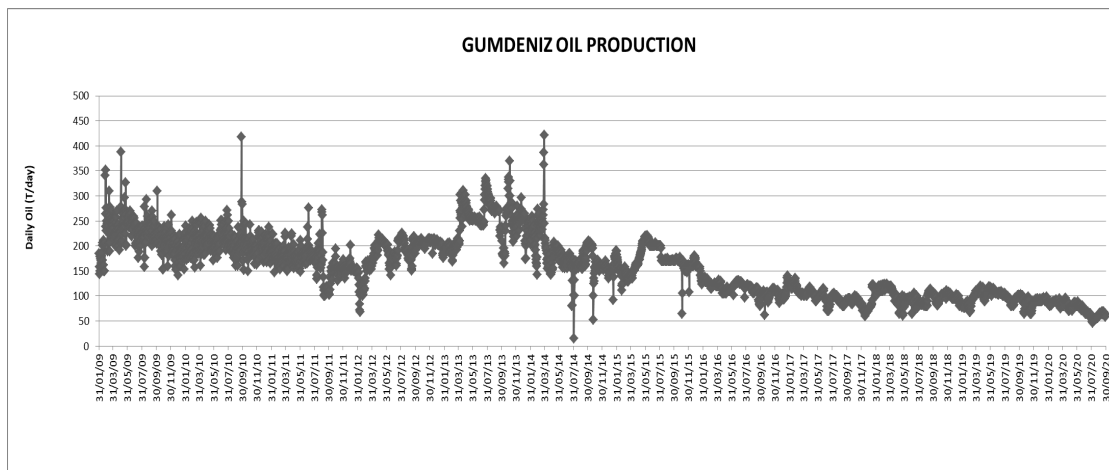
Comments: Oil Production at Gum-Deniz Field during the (Q3) 2020:

#	Gum-Deniz field
1	Quarterly average daily production rate at Gum-Deniz field was 62 ton, 456 Bopd.
2	During the reporting period after WOs, following wells of Gum-Deniz field were recompleted: GD.465; GD.477; GD.467; GD.456; GD.478; GD.418
3	WOs on-going in the following wells: GD.202; GD.475; GD.372; GD.430

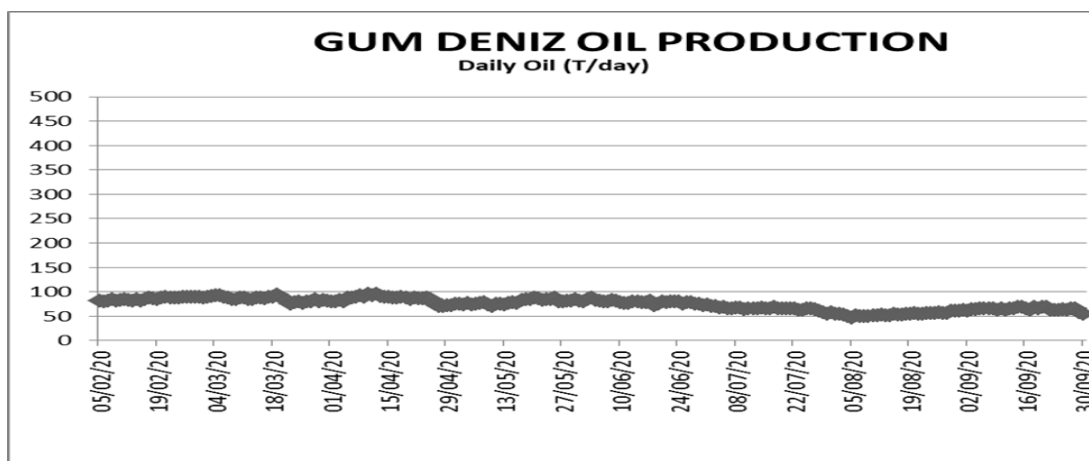
During the reporting period decrease in the production of the wells were observed in the following manner:

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		
Difference																																						-11.93

c) Monthly Production Graphic for Gum-Deniz field :



d) Oil Production for Last Six Months:

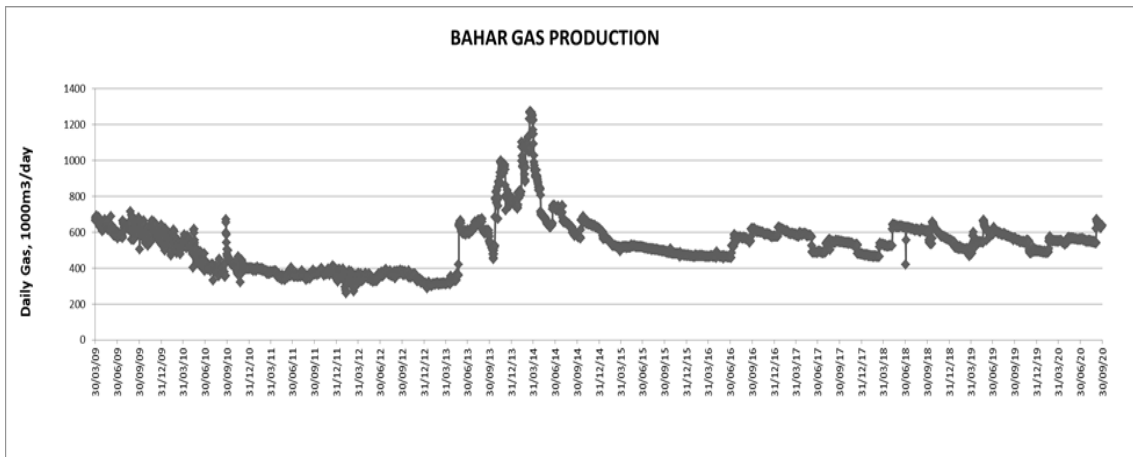


#	Bahar field
1	Quarterly average daily gas production rate at Bahar field was 549 968 m3, 19.42 MMcf. In comparison with the 2-nd quarter of 2020 0,54 MMcfd increase observed.
2	During the report covering period B.169 well was recomplected.
3	WOs on going in the following wells: B.172
4	Construction-repair works are on going on the following PLTs: GZU.2; PLT168; PLT.175; PLT.196

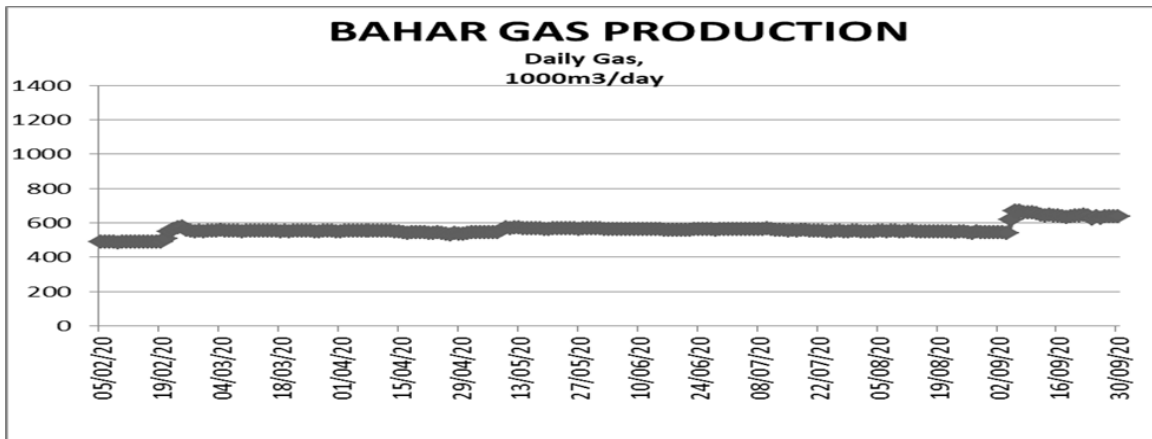
During the reporting period increase in the production of the wells were observed in the following manner:

Gas Production Rate Differences Between 2nd and 3rd quarter 2020														
Date / Well#	083	140	144	167	169	170	171	173	175	179	182	205	241	Total, m3
2nd quarter 2020	37000	51000	16000	71000	0	122000	43000	0	77000	75000	1000	23000	49000	565,000
3rd quarter 2020	37000	50000	26000	60000	32000	120000	42000	0	78000	75000	1000	18000	48000	587,000
														Difference
														22,000

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	205							
Pulling Units serving for WO	9	1846.4	1846.4	245				
Stationary Type Pump (V-12)	1	233	233	11				
Stationary Type Pump (V-16)	1			17				
Drawwork (QBQ-120)	2	1654.5	1654.5	125				
Mobile Boiler Truck (Consisting of two parts)	1	13	14.5	9				
Cement Trucks serving all BEOC Departments	11	4428	614.9	314	24			
Water Tank Trucks of Autotransportation Workshop	3	1456	189.5	76	11746			
Other vehicles of Autotransportation field	7	2436	197.8	44	2499.8			
Number of Trucks put back into service after a long term repair works						29/274,5	5/months	21/74
Rented Heavy/ Civil Plant trucks							16/months	
Rented Light vehicles								

Auto-Transportation field Logistic Report for Lifting Operations

01.07.-30.09.2020

Months	Orders	Weight (kg)	Hours
Total	Total: 205	Total: 2615000	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 liter	NO			
SHIRVAN	2 day			324,000 kg	NO			
XEZER-3	6 day			690,000 kg water	NO			

Works carried out by Vessel cranes after "Shixlinski" , "Shirvan" and "Ulluchay"	
vessel crane	works performed
"Shirvan"	During the month of August: "Shirvan" crane type vessel lifted loaded on its board the 28 m derrick from "Zira" port sail to PLT.412 offloaded and placed the derrick onto the well #418.
"Ulluchay"	25 tonner mobile crane was offloaded to GZU.2 from its board, 50 toner mobile crane was taken onboard from GZU.2. Loaded 200m3 iron tank fom GZU.2 and offloaded at PLT.181 of Bahar field. Loaded 4 ea pannels 10x10 from PLT.181 and took directions to PLT.196 of Bahar field.
"Shirvan"	During the month of September: The "Shirvan" crane vessel offloaded 2 pannels 10x10 onto the south side of the wells 196 and 197 at PLT.196 of Bahar field, and 2 pannels 10x10 were placed onto the well #196. Cutting works carried out on two pedestals at PLT.83 by Construction team, placed to the south area of the well#157 and 171, where the "Ulluchay" can pick it up.

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		6,671,600
Compressor station 14	460,400	436,000	1,462,000		2,358,400
Compressor station 1	820,000	937,000	937,000		2,694,000
Compressor station 2	1,498,000	1,580,000	2,080,000		5,158,000
Avtomotika	21,472	25,331	24,346		71,149
Electric workshop	24,980	26,836	24,897		76,713
Oil Process	230,560	254,500	240,000		725,060
5000 area	462,000	516,000	517,000		1,495,000
Gas Process	28,093	15,282	10,798		54,173
Workover	141,412	173,485	141,005		455,902
Offices	240,660	136,383	153,380		530,423
Transportation	129,632	147,971	142,276		419,879
Laboratory	67,375	65,736	60,689		193,800
Construction	37,995	62,178	88,009		188,182
Water supply	442	111	154		707
TOTAL kWatt	6,610,621	6,786,813	7,695,554	0	21,092,988
TOTAL - AZN	504,200	517,638	586,949	0	1,608,787
COST AZN/kwatt					
0.076271187					
REACTIVE ENERGY KVAR	3,377,844	4,075,833	5,239,254		12,692,931

i) Workover Division:

General Highlights for 3rd Quarter:

Summary WO's Bahar Q3:

- Execution of Bahar WO program is underway. B169 was successfully executed and put on production from Hor. IX.
- B172 WO operation is ongoing.
- Getting ready to start WO operation at B197 well at PL 196.

Summary WO's Gum Deniz Q3:

- New 28m Derrick have been moved and successfully installed at PL 412.
- ESP replacement was successful executed at G418. G430 ESP replacement is underway.
- Recompletion works were executed at G477 and G478. Well are under production

Quarterly Workover Statistics:

Month	Total WO OPEX completed	Total WO CAPEX completed
July	7	4
August	7	5
September	6	2
Total	20	11

III – CONSTRUCTION: *Reported by Ali Iskender Gurbanzadeh*

CONSTRUCTION PROGRESS REPORT FOR 3rd QUARTER 2020

#	Field/Location	Work Description	Status
	Gum-Deniz		
1	Gum-Deniz,Causeways, PLT450-66	Pile hammering in between causeway 66 and PLT450	completed
2	Gum-Deniz,Causeways,PLT.9-crossroads	Pile hammering works completed in between Causways crossroads and PLT 9	completed
3	Gum-Deniz,Causeways	Installation of cable supports along the causways	in progress
4	Gum-Deniz,Causeways,PLT.9	Hammering of 16" 6ea L=34m each, piles underneath the panels, and connection between piles in between the PLT.9 and crossroads at the causeways in order to widen the traffick road at location of distributing unit#13 (6/0.4kV) at PLT.9. Hammering of 6ea 16" poles (l=23m each) for boatlanding, installation of the panels, connection with existing causeways. Barge, crane, hydraulic hammer and staff of ADO-G LLC participated in above mentioned activities.	in progress
5	Entrance road, Causeways, PLT.450-66	Repair continues on 20" production Pipeline's supports #48;58;66 along the entrance road and as well as repair of sub-water supports which are in between PLT 66-450.	in progress
6	Gum-Deniz, PLT-208	Work have commenced on assembling and installing the gas manifold of well # 456 and linking the newly laid 2.5" gas lift line with Gas Distribution Point and well#456. The gas manifold assembling works are carried out. Works are done.	completed
	Bahar field		
7	Bahar, GZU-2	Piles hammering works have been completed to go on with collector spool, 2 separators, the accomodation of waste water lines . Work is carrying out on connection of existing piles with new hammered ones.	in progress
8	Bahar, PLT-168	The repair done on the workflow of the well#165 and rotary supports. Works on-going. Due to the production requirements crew was shifted to work on PLT.196	in progress
9	Bahar, PLT-196	Construction-installation works commenced at PLT 196 of Bahar field due to WO operations in 197, According to the work plan rigfloor and well surrounding pitch are completed.	completed
10	Bahar, PLT-175	In the northern part of the workflow works on reinforcement by suspension of separators located area , and carrying out the installation of new GYM/the dock on the west side of the residential area on-going. GYM noü is installed, top part of existing piles are being fixed and painted.	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 is 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\$		
					Jul-20	Aug-20	Sep-20
GD-465	Well Service	POOH production tubings with ESP, check TD with GGI, if there is a sand plug clean down to TD with sand bailer, if not successful, use fraizer to clean sand plug. Run tubing with ESP.	4-Jul-2020	15-Jul-2020	\$15.4		
GD-417	Well Service	Pull the tubing string with ESP out of the well. Inspect the condition of the pump and Run 1800m 2 7/8" tubing(new) with ESP.	8-Jul-2020	13-Jul-2020	\$9.5		
GD-456	Well Service	Check for fluid loss in NKP Horizon in the interval of 3167-3169 m. If there is fluid loss to the formation in the given interval, do the cementing job. RIH 2 7/8" tubing with gas lift valves.	17-Jul-2020	29-Aug-2020	\$17.5	\$55.0	
GD-477	Recompletion	Clean till 2480m. Set BP at 2480m. Perforate 2410-2396m.	18-Jun-2020	4-Jul-2020	\$38.0		
GD-477	Well Service	Clean sand plug down to TD.	31-Jul-2020	11-Aug-2020		\$38.0	
GD-417	Well Service	Pull the tubing string with ESP out of the well. RIH 200m tubing string.	5-Aug-2020	8-Aug-2020		\$15.0	
GD-467	Well Service	Clean sand plug down to TD.	11-Aug-2020	19-Aug-2020		\$31.5	
GD-418	Well Service	Pull the tubing string with ESP out of the well. Check TD, if there is a sand plug, clean till 3670m. Inspect the condition of the pump and run 1770m 2 7/8" tubing with ESP in the well.	8-Sep-2020	25-Sep-2020			\$32.4
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.	10-Sep-2020	Ongoing			\$26.0
GD-478	Recompletion	Pull the tubing string with gaslift valves out of the well. Check TD, if there is a sand plug clean till TD. Perforate horizon IX, 2418-2412m(6m),2403-2399m(4m),2389-2385m(4m). Run 1700m 2 7/8" tubing with gaslift valves in the well.	20-Sep-2020	29-Sep-2020			\$28.0
GD-430	Well Service	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.	26-Sep-2020	Ongoing			\$6.5
GD-449	Well Service		25-Jul-2020	29-Jul-2020	\$7.4		
GD-476	Recompletion/Water Injection		9-Jul-2020	19-Jul-2020	\$103.0		
B-169	Fishing/Recompletion		12-Jul-2020	5-Sep-2020	\$22.0	\$22.0	\$47.0
GD-445	Well Service		4-Aug-2020	10-Aug-2020		\$64.0	
GD-202	Fishing		25-Aug-2020	WO Postponed		\$8.5	\$37.5
				TOTAL	\$212.80	\$234.00	\$177.4

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

- Wells completed

- GD-417 Optimization/ tubing replacement. Produced only water. Equipment Recovery. POOH ESP due to high water cut. RIH with 200m killing string.
- GD-449 WO started postponed due to difficult fishing
- GD-465 Optimization/ESP Installation. RIH with SOCAR ESP Assy. Well produces 3t/d oil, 100 m3/d water, and 1 Mm 3/d solution gas.
- GD-476 Recompletion. Water Injection. Perforated at 2367-2375m. RIH with injection string BHA. Injection started. Daily injected water rate is 125m3.
- GD-477 Recompletion. Perforated at 2396-2410m. RIH production tubing with gas lifts valves. Well is under monitoring.
- GD-445 Well Service. Cleaned sand plug down to 2365m.
- GD-456 Remedial Cementing Job. Horizon NKG 3167-3169m interval tested, zone did not permeable. BP set at 3150m. Well produces 3t/d oil, 10 m3/d water, 10 Mm3/d solution gas.
- GD-467 Well service. Cleaned sand plug.

- B-169 Fishing/Recompletion. Perforated 3930-3932m, 3924-3927m, 3914-3915m on horizon VII. Well produces with 105 Mm³/d free gas, 1 t/d liquid.
- B-172 Fishing/Recompletion. Continues. Expected gas rate is 50 Mm³/d free gas.
- GD-202 Fishing. Suspended because of unexpected ESP stop of GD-372. Expected oil rate is 7t/d.
- GD-418 Well service. ESP replacement. Well is under monitoring. Expected oil rate is 3t/d.
- GD-430 Well service. ESP replacement. Well is under monitoring. Expected oil rate is 8t/d.
- GD-478 Recompletion. Well produces 3 t/d oil, 110m³/d water and 3 Mm³/d solution gas.

a) Wells logged/re-logged

GD-456

B-169

b) Cased-hole logging

Interpreted logs from GGI:

- GD-456 INNK
- B-169 NGL

c) Well Fund Information:

- GumDeniz Field: 27 active wells, 24 inactive wells
- Bahar Field: 12 active wells, 11 inactive wells

d) Geology

- Bahar FS-BX-BIX geo modeling completed.
- Bahar field BVII horizon wells geo-correlation prepared.

e) Reservoir Engineering:

- GD horizon VIII history matching continues.
- GD horizon VIII history matching completed.
- Bahar horizon VI history matching completed.
- Bahar IX, X, FS simulation model initialized.
- 2021-2024 years forecasted production and delivery numbers submitted to SOCAR UPSTREAM according to the request.
- 2020-2035 years forecasted production and delivery numbers submitted to ministry of economy according to the request.
- 2021 AWP preparation completed.
- Bahar FS-BX-BIX Simulation & WO Candidates Forecast continues.
- 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 follows up database.

f) Seismic

- GD B X fault system review based on the old seismic data has started.
- GD BVIII-BX fault system review based on the old seismic data completed.
- Bahar field BVII fault system review.

g) Task Schedule

<u>Tasks started</u>	<u>Start date</u>	<u>Provisional completion date</u>	<u>Completion date</u>
GD Field			
GD NKP Simulation and Forecast	30 June 2020	31 December 2020	
Bahar Field			
Bahar FS-BX-BIX Geomodelling, Simulation & WO Candidates Forecast	31 March 2020	31 October 2020	
Bahar horizon VII Geomodelling, Simulation & WO Candidates Forecast	15 September 2020	30 November 2020	
Bahar BVII fault system review	20 September 2020	31 October 2020	
Completed			
GD BVIII-BIX-BX fault system review in the central part of production area based on the updated well data is completed.	15 June 2020		31 July 2020
Bahar horizon FS-BX-BIX contacts definition has started.	30 June 2020		31 July 2020
GD horizon VIII history matching completed.	25 February 2020		31 July 2020
Bahar horizon VI simulation completed.	30 June 2020		31 July 2020
GD BVIII-BX fault system detailed interpretation based on the old seismic data	15 July 2020		31 August 2020

V - FINANCE: *Reported by Rasul Gafarov*

a) On a Monthly Base:

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

b) On a Quarterly Base:

- Issued 2Q-20 Additional quarterly reports to Contractor Parties.
- Prepared and submitted 2Q-20 quarterly financial reports required for GPI.

c) On an Annual Base:

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

- devamı;
- BEL Group Audit - finalized;
- BEOC Cost Recovery Report;
- BEL Profit Tax Return;
- A summary of Production, Revenue, Opex and Capex standing related up to 3Q-2020 is shown in the table below:

Bahar Energy Operating Company Limited
Production & Costs Analysis (Actual versus Budgeted)
as of the end of Q3 2020 (01-Jan-20 - 30-Sep-20)

Production	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Production, boe	878,784	1,007,356	(128,572)	87%
Crude Oil Production, bbl	157,644	223,554	(65,910)	71%
Petroleum Production, boe	1,036,429	1,230,910	(194,482)	84%

USD '000

Revenue	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Natural Gas Sales	13,907	16,259	(2,352)	86%
Crude Oil Sales	5,446	12,854	(7,409)	42%
Petroleum Sales	19,353	29,114	(9,761)	66%

Costs	Actual	Approved Budget	Over/(Under) Difference	Performance, %
Capital Costs (CAPEX)	2,370	10,816	(8,446)	22%
Operating Costs (OPEX) Net of Recoveries by Third Parties	18,082	21,548	(3,466)	84%
Non-Recoverable Costs (Non-Rec)	0	35	(35)	1%
Total Costs	20,453	32,399	(11,947)	63%

Capital Costs:				
Construction	495	3,838	(3,343)	13%
Production Equipment and Facilities	949	2,590	(1,641)	37%
CAPEX Other	4	67	(62)	7%
Workover	921	4,190	(3,268)	22%
Seismic and G&G	-	133	(133)	0%
Capital Costs	2,370	10,816	(8,446)	22%

Operating Costs:				
Personnel Costs	9,167	10,957	(1,790)	84%
Insurance Cost	574	641	(67)	90%
Electricity, Water, Sewage, Gas Usage	964	1,353	(389)	71%
Fuel	51	119	(68)	43%
SOCAR and State Services	299	493	(194)	61%
Rental of Transportation and Other Equipment	3,674	3,931	(257)	93%
Repair and Maintenance - Wells	872	995	(123)	88%
Repair and Maintenance - Facilities	1,929	1,924	5	100%
Materials and Spare Parts - Other	37	133	(96)	28%
Third Party Services	158	267	(108)	59%
General and Administrative Expenses	343	379	(36)	91%
Services Provided by Shareholders	13	356	(343)	4%
Operating Costs	18,082	21,548	(3,466)	84%
Recoveries from Third Parties	-	-	-	0%
Operating Costs Net of Recoveries	18,082	21,548	(3,466)	84%

Recoverable Costs Net of Recoveries	20,452	32,364	(11,912)	63%
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Non-Recoverable Costs:				
Non-Recoverable - Training	0	35	(35)	1%
Non-Recoverable Costs	0	35	(35)	1%

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. Consent letter was sent to SOCAR Investments Department regarding disclosure of PSA Necessary legal support and follow-up reporting carried out within the pay reduction program; Redundancy of one vice-president position was implemented; Order on restructuring of Admin and Security departments and change of subordination was issued, multiple related documents were prepared in connection with this restructuration.

b) Government relations

- Letter was prepared and sent to the President of Azerbaijan and to President's Administration regarding delays of payments for natural gas sold. Analysis were made and response letter was sent to SOCAR VP regarding BEOC's contract with FHH, call out basis transfer support was requested; Letter was prepared and sent to SOCAR to respond to allegations by Mirvari Gahramanli;

c) Corporate issues

- Board Resolutions were drafted to address outstanding liabilities to certain vendors.

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

- 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.

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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 September 30, 2019: 756, including:

- Main Office employees- 20
- Non- Main Office employees - 763
- Expatriates- 3

- ✓ New hire: 3

- ✓ Terminated: 27 (27 resignation)

Absenteeism:

- ✓ Sick leaves- 98

b) Development area

- Performance appraisal process was conducted for BEOC employees;

c) HR Operations

- Overall 1210 HR related operations have been made through this quarter;
- 656 vacations and 98 bulletins have been written and entered to 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;
- Heads of departments were provided with daily attendance reports after analysis of data;
- 3 orders issued on departmental structure changes;
- 4 correspondence was sent to third parties;
- 121 employees' position names were changed

VII- ADMINISTRATION & SECURITY: *Reported by Elshad Hasanov*

a) Administrative issues

- Working with (submittals and petitions), cooperation with other departments;
- Updating the electronic database of BEOC inventory;
- Supplying stationery to BEOC;
- Supplying drinking water to Gum-Deniz, Bahar and the Island;
- Arrangement of waste collection from all BEOC facilities.

b) Security

- 957 persons and 667 vehicles entered to BEOC 731 area based on request issuedea of 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.
- Maintaining records in the log book of 1255 employees who left for Bahar (working per shift) and checking their availability at work during 1st quarter.
- Entry to the causeway is prohibited for vehicles weighing more than 3 tons as per the decision of the Company Management. Only in exceptional cases, vehicles heavier than 3 tons are allowed to enter the causeway as per approval of the President;
- 4 letters have been sent to Karim Rzayev, the chief of "Etalon Security" LTD, in order to get the permission certificates for 72 employees and 67 special machines to be able to enter the "BEOC" area, according to points of the contract.
- 14 times during the quarter 2020 deployment of employees (working on shifts) to Bahar field on vessels was accompanied by the Department's rescue diver personnel.
- During 3rd Quarter, the specialists of the department took part in the control of the transfer of 205176 liters of diesel fuel to "Bahar" area.
- The employees of CD and FD measure every person's temperature with special tool whoever enters from checkpoint #1.
- On 23.08.2020 the experts were attended in the process of giving 180 drill pipes ,which are 73mm, to the "Bahar" area.

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

a) Procurement

- 89 MR & SR Received;
- 93 PO's and SO's prepared in SUN System
- 2 MR's canceled/oh hold
- 3 MR & SR passed to CONTRACT/TENDER
- 38 MR's & SR's under sourcing stage Tender and Contracts

b) Tender and Contracts

- Tender Packs on hold – 1

BEOCL 10165 - CS 2 Gas Separator System Renovation;

- Tender Packs on hold – 2

BEOCL 10169 - Supplies of Steel Materials

BEOCL 10171 - Supplies of Pipes

- Number Of Active Contracts

- OPS/WO/LOG - 102 (including 16 transportation services and 19 services contracts for empl.)
- CONSTRUCTION - 19
- HSE – 12 (1 service contract)
- G&G - 13 (incl. 3 consultancy contracts & 2 contracts for payment purpose only)
- ADMIN – 19 (incl. 1 service contracts for empl.)
- HR – 4
- ITC – 12
- LEGAL – 16

- PM –16 (incl. 4 contracts for payment purpose only)
- FINANCE – 3

Number of Addendums / Extension – 8

c) Warehouse and Materials

- 434,807.00 kg handled without incident;
- WHS received 40 PO's, 133 line items for the amount of AZN 684,250.45;
- WHS issued 792 line items for the amount of AZN 1,946,007.05;
- 56 (fifty six) NCR's raised; 36 (thirty six) NCR's was closed;
- Fuel station received 205.176.00 Liter of Diesel;
- Fuel station issued 252,841.00 Liters of Diesel;
- Fuel balance at October 1, 2020, is 7,155.00 Liters;

IX – IT: Reported by Eldar Eyyubov

- Within 3rd Quarter was no disruption in IT dept.
- 281 helpdesk requests were processed
- All empty cartridges were replaced
- All new employees were provided with computers and accounts
- All ID cards have been issued
- 36 computers were upgraded to Windows 10 OS
- 2021 budget was prepared and sent
- One faulty computer at the compressor station and one in medical department was replaced.
- A full address book for MS Outlook was created
- Some subsurface data were uploaded to the cloud and shared for investment purposes
- Faulty A3 printer in MMTIX office was fixed
- All routine work was done
- All systems in normal operating mode

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