

Ref. : No. 3201/ME Date: 29.11.2012

Attn.: Company's Head  
(under mail list)

Re: Notice to Bidders No.3 on Tender No. 148/2012 for the Provision of Well Completion and Workover Services for the West Qurna (Phase 2) Project

Dear Sirs,

The Operator received further questions from Bidders concerning Tender No. 148/2012 for the Provision of Well Completion and Workover Services for the West Qurna (Phase 2) Project. The answers were prepared by the Operator for the use by Bidders in preparing their Bids. The clarifications are attached to this Notice as Appendix 1.

Attachment: Appendix 1 on 8 pages.

Sincerely,

Pavel Kovalchuk  
Head of Procurement & Contracts Office



EP

| Tender No. 148/2012 for the Provision of Well Completion and Workover Services for the West Qurna (Phase 2) Project |                                       |                                          |                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| Question №                                                                                                          | Reference to the Tender Documentation |                                          |                                     | Company’s Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                                     | Chapter                               | Schedule/<br>Section/ Clause<br>No.      | Subject                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 42.                                                                                                                 | Chapter IV -<br>Draft<br>Contract     | Attachment 1,<br>Page 99, article<br>2.6 | Down Hole<br>Tools - Coil<br>Tubing | Items # 5-19 (fishing, milling and packer<br>TT equipment) of the Thru Tubing<br>equipment mentioned in section 2.6<br>(DOWNHOLE TOOLS-COIL TUBING)<br>shall be available on Company’s request                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                                                                                                     |                                       |                                          |                                     | <p>Referencing Section 2.6 (DOWN HOLE TOOLS – COIL TUBING) Page 99 of 148 DRAFT CONTRACT file requests Thru Tubing (TT) fishing, milling and packer equipment as a requirement with the CT package, however there is no explicitly defined scope or volume of work for this TT equipment within the workover job program. Additionally, the compensation table requires the CT services to be quoted on a “days per well” basis and does not define the type of TT fishing, milling or packer equipment/specific operation. Therefore, the TT tool strings required, duration of the operation and consequently the cost to the contractor will be very widely variable.</p> <p>Example #1 A conventional stimulation job with a standard nozzle BHA versus a selective stimulation job with inflatable straddle packers,</p> |

| Question № | Reference to the Tender Documentation | Bidder's Question                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Company's Answer                                                                                                                                                                                                               |
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|            |                                       | <p>Example #2 A water shut off operation requiring a TT motor/mill assisted clean-out run, followed by tubing end locator run for correlation and a TT inflatable bridge plug to shut off water zone.</p> <p>We kindly request clarification on the format to quote these specific TT jobs as per the tool requirements.</p> <p>As an alternative, we suggest quoting a monthly standby charge for retaining all required TT equipment as listed in the referenced section 2.6 (DOWN HOLE TOOLS – COIL TUBING) in the draft contract document, and quote lump sum charges for specific jobs (fishing, tubing cutting, TT packers, etc), in order to reflect the various possible operations for these tools as and when needed. Thank you for your consideration.</p> |                                                                                                                                                                                                                                |
| 43.        | Chapter IV- Draft Contract            | Appendix 1-5<br>Surface Testing Equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Coflex hoses shall be included to Attachment No 1: 5. Surface Well Testing Equipment Requirements, and shall comply with to requested Flow Head specification: Coflex hose, 5000 PSI, temperature range from -10 to +120 Deg C |

| Question № | Reference to the Tender Documentation |                            |                           | Bidder's Question                                                                                                                                       | Company's Answer                                                                                                                                                                                                                              |
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|            |                                       |                            |                           |                                                                                                                                                         | H2S service.                                                                                                                                                                                                                                  |
| 44.        | Chapter IV-Draft Contract             | Appendix 1-5               | Surface Testing Equipment | Lab cabin is missing in Appendix 1-5- please advise                                                                                                     | Lab Cabin is an essential part of standard well testing surface equipment package and it shall be included to Attachment 1; 5. Surface Well Testing Equipment Requirements.                                                                   |
| 45.        | Chapter IV-Draft Contract             | Appendix 1-5               | Surface Testing Equipment | Please specify if Air Compressor is needed as it is not mentioned in Appendix 1-5                                                                       | Air Compressor is an essential part of standard well testing surface equipment package and it shall be included to Attachment 1; 5. Surface Well Testing                                                                                      |
| 46.        | Chapter IV-Draft Contract             | Appendix 1-5               | Surface Testing Equipment | Flare burner is required but in table 2, Appendix 3 –compensation – Green Burner is required please advised if Flare burner or Green Burner is required | Green Burner is requested, See Appendix No 3, Compensation, Table 2                                                                                                                                                                           |
| 47.        | Chapter IV-Draft Contract             | Appendix 1-6               | Surface Testing Equipment | Please advise number of Downhole gauges required as in Appendix 1-6 requirements for equipment for downhole services                                    | Company requires standard min number of downhole gauges for well testing operations (3 gauges min: 2 tubing/ 1 annular)                                                                                                                       |
| 48.        | Chapter IV-Draft Contract             | Appendix 1 – Scope of Work | Surface Testing Equipment | Please confirm power source availability at well site to operate surface testing Lab cabin and MPFM                                                     | Standard Power source for Surface Testing Lab will be supplied by Rig Diesel Generator                                                                                                                                                        |
| 49.        | Chapter IV-Draft Contract             | Appendix 1 – Scope of Work | Total Length of Piping    | Please advise total length of piping needed upstream the meter and length of total piping needed to the flare burner                                    | The total length of flare lines shall be provided in quantity to install and position Surface Well Testing Equipment in accordance with either API RP 500 or IP-MCSP-P15 classifications or Well Testing Company safety rules and procedures. |
|            |                                       |                            |                           |                                                                                                                                                         | Well Testing Services Provider to refer:                                                                                                                                                                                                      |

| Question № | Reference to the Tender Documentation | Bidder's Question                                                                                                                                                                                                                                                                                                                                              | Company's Answer                                                                                                                                                                                                                                                                                                                                                                                                                           |
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|            |                                       |                                                                                                                                                                                                                                                                                                                                                                | <p>148_Draft_Contract_Cellars_Cluster10.pdf attachment for proper flare lines length estimation.</p> <p>Company roughly estimates the length of 300 meters of flare lines needed for Well Testing Operations</p> <p>Note: Testing Company may require rigging up 5 to 6 lines for well testing operations.</p>                                                                                                                             |
| 50.        | <p>Chapter IV- Draft Contract</p>     | <p>Page 65 out of 206:<br/>6. Scope of Work / “6.2.6 On Company’s request formalised by Work Order the Contractor shall perform Work related to Workover services are listed below but not limited to:...”</p> <p>“Contractor shall strictly respect the allocated period of time for workover activities detailed in Tables 1, 2, 3, 4, 5, 6, 7, 8, 9 and</p> | <p>Bidder is asking Company to specify what other activities may be requested by the Company and what are the expected durations of those activities as well as how Bidder should price them?</p> <p>Bidder requires this information to estimate the risks and provide proper pricing.</p> <p>The intention of the “but not limited to” is to reserve the possibility of additional services provision subject to Contract Variation.</p> |

| Question № | Reference to the Tender Documentation |                                                               |                        | Bidder's Question                                                                                                                                                                                                                                                                                                                      | Company's Answer                                                                                                                                        |
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|            |                                       | 10 of Attachment 5,"                                          |                        |                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         |
| 51.        | Chapter IV-Draft Contract             | Payment                                                       | Payment while Stand-By | Bidder asks Company to clarify how Bidder will be paid while Stand By or Idle periods when the rig is ready for work and no wells allocated by company?<br>There is no Suspension Rate provided in Appendix № 3 COMPENSATION.                                                                                                          | No payment while Stand-By.                                                                                                                              |
| 52.        | Chapter IV-Draft Contract             | APPENDIX № 3 COMPENSATION                                     | Suspension Rate        | Bidder asks Company to clarify the conditions of payment to Contractor while on Suspension not resulting from Contractor's Default?<br>Company is asking for 6 x 40 m3 = 240m3 of Mud Tanks Capacity. This seems a large capacity for WO operations :<br>Is this a requirement for all 4 rigs?<br>What is the minimum system capacity? | No payment while Suspension.                                                                                                                            |
| 53.        | Chapter IV-Draft Contract             | Attachment 1 SPECIFICATION WORKOVER RIG EQUIPMENT             | Mud Tanks              |                                                                                                                                                                                                                                                                                                                                        | Mud tanks system minimum capacity of 240 m3 each rig. See Appendix 1, Article 11                                                                        |
| 54.        | Chapter IV-Draft Contract             | Power Swivel, rated pressure (MPa)                            | Rig Specification      | Are all 4 rigs required to be equipped with power swivels?                                                                                                                                                                                                                                                                             | Optional; requirement is not mandatory<br>For the reference See: Appendix 1; Attachment 1; Table 1 Specification Workover Rig Equipment; subject 3.11.6 |
| 55.        | Chapter IV-Draft Contract             | Attachment 4 Well Completion Schedule (Page 112 & 113 of 206) | Workscope              | There is delay shown between various moves ranging few days to few months. i.e between ID 70 and 71, rig is move is finished on 12.03.14 but next workover is starting 19.04.14. Please confirm for such standby how the rig and                                                                                                       | Company does not consider any Stand- By. Rig Schedule will be re-arranged after 6 months upon signing the contract.                                     |

| Question № | Reference to the Tender Documentation |                                                                                            |                           | Bidder's Question                                                                                                                                                                                                                                                                                                                                 | Company's Answer                                                                       |
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|            |                                       |                                                                                            |                           | services will be paid.                                                                                                                                                                                                                                                                                                                            |                                                                                        |
| 56.        | Chapter IV-Draft Contract             | Contract Article 2.5.7 - Contractor's Rights on Suspension not resulting from its defaults | Suspension                | In Appendix No. 3 refer to Operating Rate, Please confirm if Operating Rate will be paid for such suspension.                                                                                                                                                                                                                                     | No payment while Suspension.                                                           |
| 57.        | Chapter IV-Draft Contract             | Contract Article 2.5.7 - Contractor's Rights on Suspension not resulting from its defaults | Payment Terms             | In the event that there is delay to have well candidates available for Completion or Workover, please confirm if Contractor will be paid According to Clause 2.5.7.                                                                                                                                                                               | No payment while Suspension.                                                           |
| 58.        | Chapter IV-Draft Contract             | Attachment № 1 to Form 7, Table 3, Item 4.2, 4.3                                           | Workscope                 | No Stimulation Services are requested to include, but chemicals are included please confirm if Stimulation services to be included in Workover activities?                                                                                                                                                                                        | Refer to Attachment 5 – Workover Services Outlines.                                    |
| 59.        | Chapter IV-Draft Contract             | Appendix-1, Attachment 5 & 6                                                               | Time Estimates & Payments | In Workover operations (Attachment 5, Table 1-5) Rig move is inclusive but in Completion Operations (Attachment 6, Table 1-3) Rig move is missing. Please confirm if we have to include rig move time in Workover operations (Attachment 5, Table 1-5) as there is separate in-field rig move rate available to be paid for interfiled rig moves. | For the reference see: Article 6 Major Responsibilities of the Contractor, Item 6.1.5; |

| Question № | Reference to the Tender Documentation                                   | Bidder's Question                                                                                                                                                                                      | Company's Answer                                                                   |
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| 60.        | Chapter IV-Draft Contract<br>Appendix-01, Item 13. Mud treatment System | Workscope<br><br>It is requesting to have two centrifuges; Usually centrifuges are not required during workover/completion operation. Please confirm if it is required and clarify the purpose         | Optional, this requirement is not mandatory                                        |
| 61.        | Chapter IV-Draft Contract<br>Appendix-01, Item 13. Mud treatment System | Workscope<br><br>It is requesting to have mud cleaner & vacuum Degasser, Usually these are not required during workover/completion operation. Please confirm if it is required and clarify the purpose | Required , See Appendix 1; Article 13                                              |
| 62.        | Chapter IV-Draft Contract<br>Appendix-1, Attachment 5, Table 6,7, 10,   | Payment<br><br>Requesting Mutual Solvent, Please confirm where to include this as Form 7, Table 4 does not have any Mutual Solvent mentioned in Well Tangibles.                                        | Required Mutual Solvent is included to Attachment #1 to form 7, Table 4, Item# 3.3 |
| 63.        | Chapter II-ITB<br>Form 7, Table 2,3,4                                   | Payment<br><br>Please confirm that well Tangibles (Chemicals) will be paid on Actual consumption using USD/m3 rates?                                                                                   | Confirmed                                                                          |

| Question<br>№ | Reference to the Tender Documentation | Bidder's Question                                                                                                                           | Company's Answer                                                                                                   |
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| 64.           | Chapter IV -<br>Draft<br>Contract     | Appendix 1 –<br>Scope of Work<br>Attachment 1<br>Specification<br>Equipment for<br>Well Services.                                           | Requirements<br>to Coiled<br>Tubing Unit<br>for Workover<br>And<br>Completion<br>Operations-<br>Liquid<br>nitrogen |
|               |                                       | As far as we know, the supply of liquid nitrogen is insufficient in Iraq, Would you please indicate us if nitrogen generator is acceptable? | Refer to Attachment 1 SPECIFICATION Equipment for Well Services, Table 2                                           |