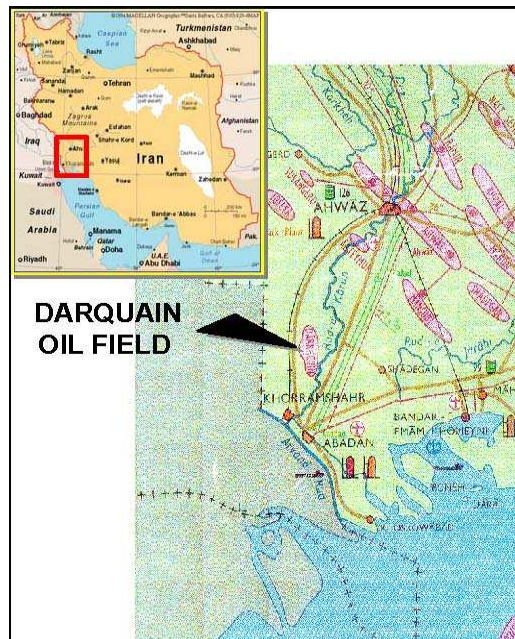




National Iranian Oil Company

Darquain Oil Field Development Project – Phase III In Brief



Consortium of IRAN ITOK Co. Petro Omid Asia Co.
Omid Investment Management Co. and Pooya Energy CO.

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Darquain Oil Field Development
Project – Phase III
In Brief



Consortium of IRAN ITOK Co. Petro Omid Asia Co. Omid Investment Management Co. and Pooya Energy CO.

1) Introduction

Darquain oil field is located some 40 kilometers to the North of Abadan city where Ilam, Sarvak and Fahliyan oil reservoirs have been located as well. The Ilam and Sarvak reservoirs contain relatively heavy oil with gravities between 22 and 27° API at 2700 to 3200 meter depth intervals whereas the deeper Fahliyan reservoir is situated at a depth of 4200 to 4500 meters containing light oil of 34° API.

2) Consortium

Upon NIOC decision to enter Phase 3 of Darquain Oil Field Development, a consortium of Omid Investment, Iran Itok, Petro Omid Asia and Energy Pooya companies signed a service contract based on Buy Back policy with National Iranian oil Company (NIOC) in May 2011, to implement the project, following approval of their MDP.

3) Scope of Work

The development will be implemented within a period of 66 months through a defined Buy- Back contract considering all points of concern in the reservoir condition and implementation process.

It is foreseen that the consortium undertakes the whole contract and executes the development through identified EPC packages for different parts of the contract.

The main target of the contract is to develop the Ilam, Sarvak and enveloped Southern extension of Fahliyan reservoirs of the field with target production rate of 25,500, 30,500 and 15000 BOPD (Barrels of Oil Per Day) respectively for total plateau crude production of 71,000 BBLs (Barrels) and treat oil and gas for export and injection.

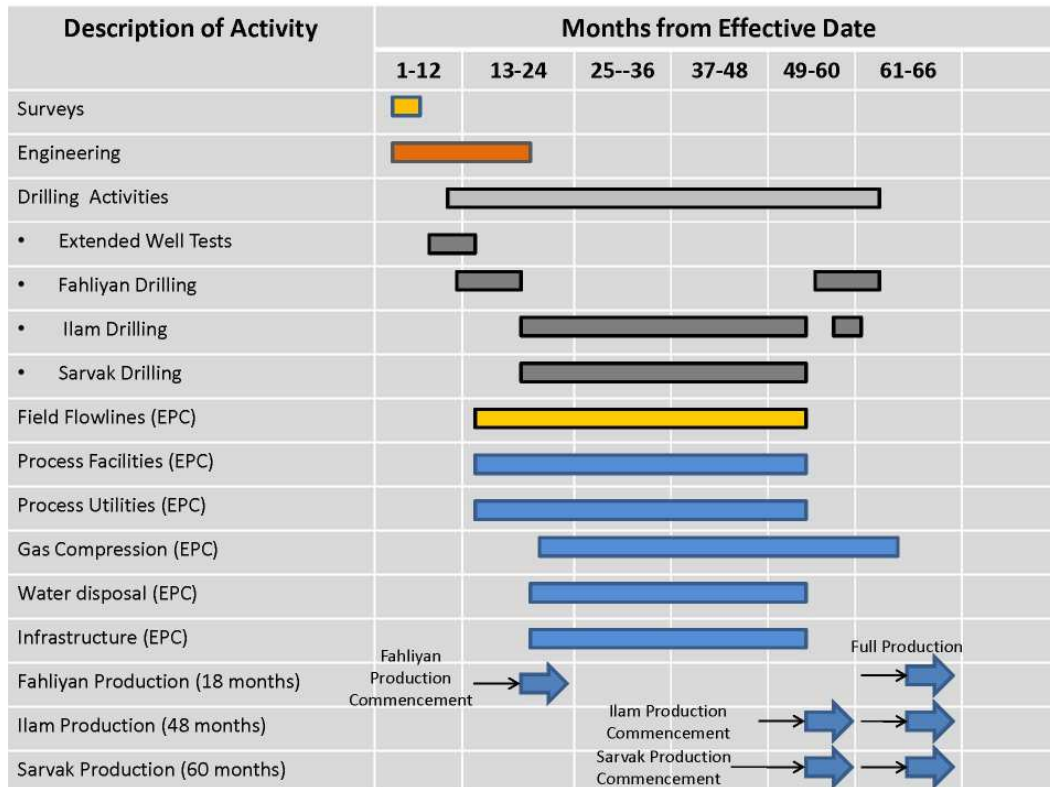


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Table (1): Overall Project Schedule



A brief description of the activities to be implemented by the consortium is outlined below:

- Management
- Studies & Surveys
- Onshore Drilling Operation
- Basic & Detailed Engineering & Construction
- Onshore Process Facility Construction
- Onshore Infield & Export Pipelines
- Pre – Commissioning, commissioning & Startup

The contract schedule is a period of 66 months starting from the Buy- Back contract signature date, NIOC provision of all required documents and final decision to execute the contract in the assigned area.



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Table (2): Project Milestones

Activity	Start Date – Month (from the Effective Date)	Finish Date – Month (from the Effective Date)
Contract Mobilization	Effective Date	Month 1
Surveys & Inspection	Month 2	Month 5
Geo-science Studies	Month 1	Month 7 (extended to Month 12)
Drilling & Completion	Month 1	Month 63
Engineering Design	Month 1	Month 8
Procurement Services	Month 4	Month 49
Construction Activities	Month 4	Month 66
Fahliyan Construction	Month 7	Month 18 + (66 gas inj.)
Ilam Construction	Month 14	Month 54 + (66 gas inj.)
Sarvak Construction	Month 24	Month 54
Pipelines & Cables	Month 12	Month 54
Infrastructure	Month 14	Month 54

4) Contract Cost Estimation

A summary of estimated capital expenditure for Phase 3 of Darquain Oil Field Development is presented in below table

The overall capital expenditure (CAPEX) is USD 1656.2 million for the development of the three reservoirs in the field, namely Fahliyan (complementary development), Ilam (new development) and Sarvak (new development) .

The total CAPEX figures for all options include the following:

- Cost escalation percentage starting from the year 2011 to the year 2017 (contract completion) at an average annual rate of 30%
- Procurement risks & imitations
- Contract execution risks- Construction
- Contract execution risks- Drilling operation & support
- Contingencies
- Insurance

Darquain Oil Field Development -Phase 3

Cash Flow

No.	Subject	Year							
		1	2	3	4	5	6	7	8
1	A-Revenue								
1-1	Production-Barrel /day		7,000	14,000	14,000	14,000	56,500	71,000	71,000
1-2	Price per Barrel-In Service Contract(USD)		55	55	55	55	55	55	55
1-3	Revenue(Yearly)		140,525,000	281,050,000	281,050,000	281,050,000	1,134,237,500	1,425,325,000	1,425,325,000
2	B-Costs								
2-1	Investment for Stage1(month1-18)	65,200,000	132,300,000	0	0	0	0		
2-2	Investment for Stage2-First Production(month19-54)	0	193,500,000	360,600,000	423,800,000	235,400,000			
2-3	Investment for Stage2-Final Production(month55-66)					135,600,000	109,800,000		
2-4	Total Investment	65,200,000	325,800,000	360,600,000	423,800,000	371,000,000	109,800,000		
2-5	Working Capital						82,810,000	82,810,000	
2-6	Annual Depreciation Cost						99,372,000	198,744,000	198,744,000
2-7	Production Costs		29,510,250	59,020,500	59,020,500	59,020,500	238,189,875	299,318,250	299,318,250
	Total Cost	65,200,000	355,310,250	419,620,500	482,820,500	430,020,500	530,171,875	580,872,250	498,062,250
	Cash Flow	-65,200,000	-214,785,250	-138,570,500	-201,770,500	-148,970,500	604,065,625	844,452,750	927,262,750

IRR	45%
Payback Period(From the stage1 production)	4.5

Total Investment(USD) 1,656,200,000

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9	10	11	12	13	14	15	16	17	18	19	20	21
71,000	71,000	53,228	45,880	41,673	40,770	36,891	31,168	26,951	25,670	24,255	21,580	16,621
55	55	55	55	55	55	55	55	55	55	55	55	55
1,425,325,000	1,425,325,000	1,068,552,100	921,041,000	836,585,475	818,457,750	740,586,825	625,697,600	541,041,325	515,325,250	486,919,125	433,218,500	333,666,575
198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000
299,318,250	299,318,250	224,395,941	193,418,610	175,682,950	171,876,128	155,523,233	131,396,496	113,618,678	108,218,303	102,253,016	90,975,885	70,069,981
498,062,250	498,062,250	423,139,941	392,162,610	374,426,950	370,620,128	354,267,233	330,140,496	312,362,678	306,962,303	300,997,016	289,719,885	268,813,981
927,262,750	927,262,750	645,412,159	528,878,390	462,158,525	447,837,623	386,319,592	295,557,104	228,678,647	208,362,948	185,922,109	143,498,615	64,852,594

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22	23	24	25	26	27	28	29	30
15,572	14,879	13,855	13,141	12,675	12,281	11,942	11,615	11,305
55	55	55	55	55	55	55	55	55
312,607,900	298,695,925	278,139,125	263,805,575	254,450,625	246,541,075	239,735,650	233,171,125	226,947,875
198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000	198,744,000
65,647,659	62,726,144	58,409,216	55,399,171	53,434,631	51,773,626	50,344,487	48,965,936	47,659,054
264,391,659	261,470,144	257,153,216	254,143,171	252,178,631	250,517,626	249,088,487	247,709,936	246,403,054
48,216,241	37,225,781	20,985,909	9,662,404	2,271,994	-3,976,551	-9,352,837	-14,538,811	-19,455,179