

Azerbaijan International Operating Company

Balance sheet as at 31 December 1997

	<u>1997</u> <u>\$</u>	<u>1996</u> <u>\$</u>
Amounts due from Shareholders	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Unlimited Redeemable shares of \$0.01 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

Approved: .....

Secretary

*N. Desmond*

NTT



Azerbaijan International Operating Company

Profit and Loss Account for the year ended 31 December 1997

	<u>1997</u>	<u>1996</u>
	\$ '000	\$ '000
<u>Income</u>	<u>0</u>	<u>0</u>
 <u>Expenditure</u>		
Property, Plant and Equipment	505,577	350,461
Direct Operating Costs	62,528	35,902
Indirect Operating Costs	71,532	36,117
Reimbursed by participants in the PSA	<u>(639,637)</u>	<u>(421,480)</u>
	-	-
Net Profit	-	-

Approved: .....

Secretary

## **Azerbaijan International Operating Company (AIOC)**

### **Company Formation and Registration**

AIOC was registered on 24 February 1995 in its country of incorporation, the Cayman Islands as number 58658 and where its registered office is:

Walker House  
Mary Street  
P.O. Box 265  
George Town  
Grand Cayman  
British West Indies.

AIOC is also registered in the following places:

In the Azerbaijan Republic as number 144 and where its registered office is: 2 Neftchilar Prospekti, Bairov, Baku.

In the UK at Companies House as an overseas company in accordance with Section 691 of the Companies Act 1985 and as number FC18764.

### **Activities of the Company**

AIOC was formed to conduct Petroleum Operations i.e. operations relating to the exploration, appraisal, development, extraction, production, stabilisation, treatment, stimulation, injection, gathering, storage, handling, lifting, transportation of petroleum, and the marketing of petroleum from the three fields (the Azeri and Chirag Fields and the Deep Water Portion of the Gunashli Field) in the Azerbaijan section of the Caspian Sea on behalf of the eleven International Oil and Gas companies (Contractor Parties) who are its shareholders.

AIOC acts on behalf of the Contractor Parties and owns no assets, although it may manage and use assets or equipment owned by the Contractor Parties in conducting Petroleum Operations on behalf of the Contractor Parties.

AIOC is not entitled to any share of Petroleum produced and operates exclusively as a non profit cost company which can neither make a profit nor incur a loss.

### **Principal Place of Business**

AIOC conducts its Petroleum Operations from its registered office in Baku.

**Officers of the Company (as at 31 July 1999)**

David Woodward	Director and President
Robert Erickson	Director and Senior Vice President/COO
Stephen S. Back	Vice President
Wref Digings	Vice President
Tom Doss	Vice President
Philip C. Home	Vice President
Kermitt Walrond	Vice President
Graham Benning	Treasurer
Saida Nagiyeva	Assistant Treasurer
Nick Desmond	Secretary
Masoud Javadi	Assistant Secretary

**Shareholders (as at 31 July 1999)**

Amoco Caspian Sea Petroleum Limited  
B.P. Exploration (Caspian Sea) Limited  
Delta Hess Khazar Limited  
Exxon Azerbaijan Limited  
Itochu Oil Exploration (Azerbaijan) Inc.  
Lukoil Overseas (BVI) Ltd.  
Pennzoil Caspian Corporation  
Ramco Hazar Energy Limited  
Statoil Apsheron a.s.  
Turkiye Petrolleri A.O.  
Unocal Khazar, Ltd.