



Review of the Potentials to Increase the Gas Production in the Northeast of Iran,

Phase one - Mozdouran Formation,

Revision No. 01, June 03, 2010,

SUMMARY REPORT

This report summarizes the outcomes of the studies undertaken and also the review and comparison of the main proposed configurations in different scenarios and demonstrates the technical viability and the feasibility of the proposed configuration.

Hydrodynamic data and information available from the extension of shurijeh D formation in Turkmenistan as outlined in the enclosed report indicate a tilted formation with a relatively sharp slope of 18 meters per km from south to north.

Available information from shourijeh D wells in Gonbadly structure indicate and confirm similar tilted formation in the Iranian section of the shurijeh D formation. Accordingly we have recommended further hydrodynamic studies to be carried out to determine and incorporate the actual gas/water shape and data in the reevaluation of gas in place in shurijeh D formation in the Iranian side in both Khanguiran and Gonbadly structures.

Similarly information obtained from the enclosed report of Mozdouran well no.30 and also reports from well no.16 and the recent exploration well in the

Tous structure wherein the total Mozdouran formation has been drilled and tested, confirm that the gas/water level in Mozdouran formation should be at a lower level of so far assumed - 3300 meters below sea level and could be tilted. Accordingly we have recommended studying the hydrodynamics in Mozdouran formation and also retesting the formation in the aforementioned wells with a view to determine and incorporate the corrected gas/water level shape and data in the recommended reevaluation of gas in place of Mozdouran formation.

Furthermore it is demonstrated within this report and the enclosures therein that the saddle between the Khanguiran and Gonbadly structures is not a seal point and that spill level of natural gas in both Mozdouran and shurijeh D formations are nonstructural and also that there are vast areas in excess of 120 square km which could be gas bearing with acceptable porosity and permeability in both Mozdouran and shourijeh D formations in Gonbadly structures. On this basis it has been recommended to reprocess and to re interpret the existing 3D data by internationally recognized experts for a reliable definition of the distribution of porosity, permeability and saturation in Mozdouran and Shoorijeh D formations in both Khanguiran and Gonbadly structures and to incorporate the outcomes in the proposed reevaluation of gas in place estimates in the said formations.