

Delek Drilling - Limited Partnership
(the “Partnership”)

July 13, 2021

Israel Securities Authority
22 Kanfei Nesharim Street
Jerusalem
Via Magna

Tel Aviv Stock Exchange Ltd.
2 Ahuzat Bayit Street
Tel Aviv
Via Magna

Dear Sir/Madam,

**Re: Resolution on the drilling of development and production well
“Leviathan-8”**

Further to the provisions of Section 7.2.4 of the periodic report of the Partnership for 2020, as released on March 17, 2021 (Ref. no.: 2021-01-036588) and Section 1 of the Q1/2021 report, as released on May 19, 2021 (Ref. no.: 2021-01-086418) regarding the work plan for the Leviathan project in the area of Leases I/14 Leviathan South and I/15 Leviathan North (the “**Leviathan Project**” or the “**Leviathan Reservoir**” and the “**Leviathan Leases**”, respectively), the Partnership hereby respectfully announces that on July 12, 2021, the Leviathan partners adopted a resolution on the drilling of the “Leviathan-8” development and production well in the area of Lease I/15 Leviathan North (the “**Drilling**”).

Following are additional details regarding the Drilling:

1. The date on which the resolution to perform the Drilling was adopted: July 12, 2021.
2. The reasons for the resolution: Considering the volume of production from the Leviathan Reservoir and the demand during H1/2021 and in order to improve the redundancy in the production system, the operator, Chevron Mediterranean Ltd.¹ (“**Chevron**” or the “**Operator**”) recommended to the Leviathan partners to bring forward to 2022 the drilling of another development and production well, which was scheduled for later years. The Drilling will be integrated as part of the production drilling system in the Leviathan Reservoir, within the framework of the development plan as specified in Section 7.2.5(a) of the periodic report. In addition, the infrastructure required in the Leviathan Leases will be constructed for the connection of the Drilling to the existing subsea production system of the Leviathan Project.
3. Conditions for the performance of the Drilling and for participation therein: The Leviathan partners intend to promote the receipt of all required regulatory approvals, including the approvals required from the Petroleum Commissioner in the Ministry of Energy (the “**Commissioner**”) and from the Ministry of Environmental Protection for the performance of the Drilling, including obtaining approval for the drilling plan, discharge permit, and pre-drilling

¹ Noble Energy Mediterranean Ltd. changed its name to Chevron Mediterranean Ltd.

environmental survey. It is noted that the drilling platform that will drill the well is the Stena Forth, and according to the reports of the Operator, it complies with the various requirements set by the Commissioner and the Ministry of Environmental Protection.

4. The name of the Drilling: “Leviathan-8”.
5. The place of the Drilling: Offshore well, approx. 130 kilometers west of Haifa.
6. The dates of the Drilling: The Drilling is expected to commence during 2022 and last for approx. four months (including completion).
7. The Drilling target layers: Layers of the Oligo-Miocene age.
8. The type of the Drilling, its purpose and future stages depending on its findings: Development and production well to supplement the four existing production wells in the Leviathan Reservoir, for the purpose of improving the redundancy in the production system.
9. Depths: The water depth at the Drilling site is approx. 1,620 meters, and the final depth planned for the Drilling is approx. 5,300 meters below sea level.
10. Budget: The total (100%) budget is approx. U.S. \$248 million (including completion and connection to the production system of the Leviathan Reservoir). The Operator stated that this budget is a preliminary estimate, and that there may be an increase or decrease of up to approx. 20%, depending, *inter alia*, on the scope of the Drilling operations and actual costs of the equipment, materials and various service companies.
11. The name of the Operator: Chevron.
12. The name of the corporation performing the Drilling: Chevron.
13. The share of the holders of the equity interests in the Partnership in the Drilling budget: 45.34%.
14. The share of the holders of the equity interests in the Partnership in the possible revenues to be derived from the Drilling: Before recovery of the investment – 37.63%, after recovery of the investment – 35.37%, taking into account royalties paid to the State, to related parties and to others.
15. The names of the partners in the petroleum asset in which the Drilling is performed and their share in the Drilling budget:

<u>Names of the partners</u>	<u>Share of each partner in the Drilling budget</u>
The Partnership	45.34%
Chevron	39.66%
Ratio Oil Exploration (1992), Limited Partnership	15%

16. Reference to the description of the petroleum asset in the periodic report: For a description of the petroleum asset, see Section 7.2 of the periodic report.

Caution concerning forward-looking information – The budget and timetables for the performance of the Drilling and the receipt of the approvals therefor, are based on estimates and assumptions received, *inter alia*, from the Operator, which constitute forward-looking information, as defined in the Securities Law, 5728-1968. The above estimates and assumptions are professional estimates and assumptions of which there is no certainty and which may be updated later as the Drilling operations progress. The above estimates are based, *inter alia*, on geological, geophysical, technical-engineering and other information, accumulated, *inter alia*, from the volume of production from the Leviathan Reservoir and the seismic survey conducted in the area of the Leviathan Leases, and may differ materially from the above estimates and assumptions, *inter alia*, due to geological conditions and/or operating and technical conditions and/or regulatory changes. The above estimates and assumptions may be updated insofar as additional information accumulates and/or as a result of a gamut of factors related to oil and natural gas exploration and production projects, including as a result of the performance of operations at the Drilling and their results and due to operating conditions and/or market prices and/or regulatory conditions.

The partners in the Leviathan Reservoir, and their holding rates are as follows:

The Partnership	45.34%
Chevron Mediterranean Ltd.	39.66%
Ratio Oil Exploration (1992), Limited Partnership	15.00%

Sincerely,

Delek Drilling Management (1993) Ltd.

The General Partner of Delek Drilling – Limited Partnership

By:

Yossi Abu, CEO

And Zvi Karcz, VP Exploration