Licensing Rounds

“from before seismic first shot to extraction of the last oil drop”

Working with Governments

Exploration Reservoir Consultants
A getech Group Company
ERCL – Exploration Reservoir Consultants

ERCL \(\text{(now part of the getech Group of Companies)}\) has established itself as one of the leading integrated consultancy businesses within the industry.
Government and NOC Support

Institute of National Petroleum (INP) in Mozambique.
- Advisory services, projects, technical support and training

Empresa Nacional de Hidrocarbonetos (ENH) de Mocambique
- Advisory services, projects, technical support and training

Ministry of Energy and Water - Lebanon
- Advisory services and technical support

Petroleum Administration - Lebanon
- Advisory services and technical support
Government and NOC Support

Honduras
- Advisory services

Equatorial Guinea
- Advisory services and technical support

Namibia
- Advisory services / Database / technical support

Palestine
- Advisory services / Database / technical support

Agência Nacional do Petróleo (ANP) - São Tomé e Príncipe
- Advisory services, technical support and training
Licensing Rounds – Working with Governments

Licensing Rounds assisting Governments and NOC’s to deliver!

• The Timeline
• Preparation & Building the Team
• Key License Round Steps (Legal – Financial - Technical – QHSE)
• Bid Evaluation
• Reporting & Transparency
Licensing Rounds – Working with Governments

Licensing Rounds assisting Governments and NOC’s to deliver!

- **The Timeline**
- Preparation & Building the Team
- Key License Round Steps (Legal – Financial - Technical – QHSE)
- Bid Evaluation
- Reporting & Transparency
The Timelines

Several different timelines that need to be considered:

- The Government ~ 5 Years +
- Ministry / National Oil Company > 5 Years +
- License Round ~ 1.8 Years
- The Multi-Client Data Provider > 5 Years +
- The Oil Company (License Round) ~ 1 – 8 – 30 Years
- The Press > 1 Day (but every day)

Note: Example Timelines
## Licence Round Schedule

### Minimum time required

<table>
<thead>
<tr>
<th>Today</th>
<th>6 months</th>
<th>6 months</th>
<th>2 – 4 months</th>
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### Typically 9 to 18 Months

<table>
<thead>
<tr>
<th>Time</th>
<th>Work by Gov</th>
<th>Work by ERCL</th>
<th>Work by Oil Co</th>
<th>Multi Client Co.</th>
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</table>

### Technical Data
- Historic Data Preparation
- Acquisition & Processing of Seismic

### Area Analysis
- Database
- Baseline Interpretation
- Preparation of Datapacks
- Delineation of Blocks

### Block Delineation
- Press release
- Oil Company Evaluations
- Website
- License Round Website

### Pre-announcement
- Seminars / Roadshows
- Oil Company Evaluations

### Promotion
- Bid Preparation
- Assessment

### Round Open
- Negotiation

### Example industry – end user view of license round schedule
Government Process Highlights – 5 Year Cycle

YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 | YEAR 5

ROUND 1 CLOSE

YEAR 1:
- Technical Data
- Area Analysis
- Block Delineation
- Pre-announcement
- Promotion
- Round Open
- Bid assessment

YEAR 2:
- Historic Data Preparation
- Acquisition & Processing of Seismic
- Database
- Baseline Interpretation
- Preparation of Database
- Delineation of Blocks
- Pre-announcement
- License Round
- Round Open
- Bid Preparation
- Assessment
- Installation

YEAR 3:
- Historic Data Preparation
- Acquisition & Processing of Seismic
- Database
- Baseline Interpretation
- Preparation of Database
- Delineation of Blocks

YEAR 4:
- Historic Data Preparation
- Acquisition & Processing of Seismic
- Database
- Baseline Interpretation
- Preparation of Database
- Delineation of Blocks

YEAR 5:
- Historic Data Preparation
- Acquisition & Processing of Seismic
- Database
- Baseline Interpretation
- Preparation of Database
- Delineation of Blocks

Example industry – end user view of license round schedule
# Government Process Highlights – 5 Year Cycle

<table>
<thead>
<tr>
<th>YEAR 1</th>
<th>YEAR 2</th>
<th>YEAR 3</th>
<th>YEAR 4</th>
<th>YEAR 5</th>
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</thead>
<tbody>
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<td>Preparation</td>
<td>- Building the Government team</td>
<td>- Capacity Building and Training</td>
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<thead>
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<tbody>
<tr>
<td>Review Data</td>
<td>- Data Management</td>
<td>- Establish National Data Archive</td>
<td>- Data Standards</td>
<td>- Data Release - Data Brokerage</td>
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<td>- Technical Data Relinquishment</td>
<td>- Data Brokerage - Data Reprocessing</td>
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<td>Model Terms / PSC</td>
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<tbody>
<tr>
<td>Define Blocks / Areas</td>
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<tr>
<td>License Round Process and Documentation</td>
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<tr>
<td>Decree Laws</td>
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<tbody>
<tr>
<td>Negotiate/ Award License</td>
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<tbody>
<tr>
<td>Environmental</td>
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| Work by ERCL         | Work by Gov          |                      |                      |                      |
# Government Process Highlights – 5 Year Cycle

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<th>YEAR 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation - Building the Government team</td>
<td>Capacity Building and Training</td>
<td>Review Data – Data Management – Establish National Data Archive</td>
<td>Data Standards</td>
<td>Data Release</td>
</tr>
<tr>
<td>Review Data</td>
<td>Data Management</td>
<td>Establish National Data Archive</td>
<td>Data Standards</td>
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</tr>
<tr>
<td>Existing Technical Data</td>
<td>Technical Data Relinquishment</td>
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<td>Data Reprocessing</td>
<td></td>
</tr>
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<td>Multi-Client Technical Data, Data License &amp; Contract Management</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Petroleum Law**
- **Petroleum Regulations**
- **Model Terms / PSC**
- **Baseline Interpretation**
- **Define Blocks / Areas**
- **License Round Process and Documentation**
- **Decree Laws**
- **Evaluation Process**
- **Negotiate/ Award License**
- **Environmental**

**Common Delay Elements**

**Work by ERCL**

**Work by Gov**
Common Delaying Elements

• **Block / Area Definition**
  – Size
  – Geology / Prospectivity
  – Politics

• **License Round Process and Documentation**
  – Timing
  – Biding Requirements
  – Bonuses (Signature, Production)
  – Economic Model

• **Law / Decree Laws**
  – Approval Process (length of time)

• **Environmental**
  – Under estimated the importance and emerging requirements
Licensing Rounds – Working with Governments

Licensing Rounds assisting Governments and NOC’s to deliver!

- The Timeline
- Preparation & Building the Team
- Key License Round Steps (Legal – Financial - Technical – QHSE)
- Bid Evaluation
- Reporting & Transparency
The Government Team(s)

- **Core Team** – typically 4/5 people, plus lead advisor (ERCL?)

- **Wider Team** – typically greater than 20 people
  
  Ministries / Departments
  - **Petroleum / Geoscience / Energy**
    - Legal
    - Technical
  - **Geologic Survey / Mining**
  - **Finance**
    - Economics
  - **Environmental**
  - **Ministerial Advisory**
  - **Transparency and Compliance**
  - **Consultants**
    - often externally funded – NORAD, US Aid, ADB, EEC, World bank etc.
Example Licence Round Objectives

- Early production
- Which Areas Onshore v Offshore?
- Amount of acreage to be licensed?
- How many Areas / Blocks?

- Maximise work programmes?
- Credible Operators?
- Signature Bonuses v Work Program?

- Compete with other License Rounds
- Competitive Terms

**Competitive Bidding**

*Increase both Work Programmes bid and Financials offered*
Example Licence Round Objectives

- **Companies**
  - Gain at least 3 large operators with substantial & appropriate work programmes
  - Gain 2 medium / smaller operators with appropriate work programmes

- **Areas**
  - Review previous
  - Size of blocks / areas
    - Need to encourage bids and promote maximum exploration of whole area
    - Need to attract credible Operators
  - Should all available areas or only certain areas to be licenced
    - Offer a range of plays to attract a variety of companies
    - Need to encourage competition and meet demand
Building the team

• Recruitment
• Capacity Building
• Training
• Role & Responsibilities
• Team Building

Need to think long term!

Time span 3 year – 5 year – 7 year plan
<table>
<thead>
<tr>
<th>Year</th>
<th>Details</th>
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<tbody>
<tr>
<td>2009</td>
<td>10 Geology Graduates Recruited</td>
</tr>
<tr>
<td>2009</td>
<td>6 Placed in Brazilian University for 1 year</td>
</tr>
<tr>
<td>2010</td>
<td>7 work on 10 month project with ERCL</td>
</tr>
<tr>
<td>2011</td>
<td>1 attends MSc in London (Imperial College)</td>
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<tr>
<td></td>
<td>• 1 year, graduates with merit</td>
</tr>
<tr>
<td></td>
<td>• ERCL Support Application – Commonwealth Grant</td>
</tr>
<tr>
<td>2012</td>
<td>Industry Placements</td>
</tr>
<tr>
<td></td>
<td>• 4 on placement with Anadarko in Houston</td>
</tr>
<tr>
<td></td>
<td>• 4 on placement with ENI in Milan</td>
</tr>
<tr>
<td></td>
<td>• 1 Died (Malaria)</td>
</tr>
<tr>
<td>2012</td>
<td>6 New Graduates Recruited</td>
</tr>
<tr>
<td>2013</td>
<td>2 New Graduates Recruited</td>
</tr>
<tr>
<td>2014</td>
<td>4 New Graduates Recruited</td>
</tr>
</tbody>
</table>
Capacity Building Project

**Work Objectives**

To develop internal capacity to improve Geological and Geophysical analysis, processing and interpretation of seismic and well data to best assess the commerciality of wells, project prioritization, and develop operator expertise.
Building the Department / Ministry

- Resources
  - People
  - Financial
  - Legal
  - Technical
- Policy & Procedures
- Technology
  - Hardware
  - Software
- Standards
  - Data Licensing
  - Data Release
- Data
  - Reports
  - Seismic Data
    - Field Data, Processed Data
  - Well Data
    - Digital, Core etc.
  - Workstation Projects
    - Interpretation, Kingdom, Petrel,
From Paper to Digital

• Wells
  – Digitise Old Well Logs
  – LAS Data Tapes
  – New Well Composites

• Seismic
  – Digital Navigation
  – SEGY online database
  – Processing enhancement
  – Scan Paper Seismic

• Workstation Projects
  – Petrel Projects
  – Kingdom Projects
  – IP Projects
  – GIS Projects
Reality - getting the data ready can be challenging!
Building the “Data-room”

Data Packages

- Index
- Technical Reports (new digital library)
- Presentations
- GIS (Geographic Information System)
- Well Data
- Seismic Data
- Potential Field Data (Grav - Mag)
- Satellite Data
- Field Work

- Workstation Projects
Added Value Products- GIS Enabled Reports

GIS projects
- ECL/ ENH 2000 Report
- Elf TEA Report
Added Value Products - Well project

- Well composites
- Petrophysics
- Qc’d LAS/LIS
- Petrophysical reports for Key wells ZDE-1 and Nemo-1x
Added Value Products - Seismic Project

- Qc’d seismic SEGY in WGS 84 36/37S
- Workstation ready projects for Kingdom, Petrel, Geographix, DUG
- Well Synthetic ties and new time depth charts
Multi Client Project

Mozambique Digital Atlas

- A regional framework of Mozambique
  - Wells, Headers, Formation Tops,
  - Seismic Stratigraphic Framework
  - Key Horizons
- Industry standard formats
  - GIS
  - SMT, Petrel, Landmark
- In collaboration with INP
Multi-Client Seismic

Coordination and Management

Reprocessing and New Data
- 2D Seismic programs
- 3D Seismic programs

Interpretation Training

Delivery of Data to Government

Input to National Data Archive
Baseline Interpretation

Definition of potential play concepts:

- Interpretation of petroleum elements (Source, Reservoir, Seal);
- Structural and stratigraphic traps;
- Possible migration pathways.

The baseline interpretation helps determine the prospectivity and the minimum work program parameters.
ONSHORE
Seven wells have been drilled onshore between 1947 and 1967. Bitumen and gas shows had been observed. Further geophysical surveys will be performed by Spectrum and Neos Geosolutions in the near future in order to assess the hydrocarbon prospectivity onshore. Spectrum will conduct a 2D seismic acquisition program up to 500 linear km with the objective of linking the offshore to the onshore and to better understand the geology in the vicinity of the drilled wells onshore. Neos Geosolutions typically works with multi-measurement interpretation (MMI) involving the integration of geological, geophysical, geochemical and petrophysical datasets. Typical geophysical measurements that will be performed using airborne acquisition surveying of large areas include magnetic, gravitational, radiometric and hyperspectral surveying. By the end of the year (Q4), a full comprehensive geophysical package will be available.
License Round Website – Ease of Operation
Licensing Rounds – Working with Governments

Licensing Rounds assisting Governments and NOC’s to deliver!

- The Timeline
- Preparation & Building the Team
- **Key License Round Steps**
  (Generic Structure for Legal – Financial - Technical – QHSE)
- Bid Evaluation
- Reporting & Transparency
### Application Guidelines

**CONTENTS**

1. INTRODUCTION
2. THE COMPETENT AUTHORITIES
3. LEGAL & FISCAL DOCUMENTS
4. APPLICATION REQUIREMENTS & FEES
5. APPLICATION DOCUMENT
6. SUBMITTING AN APPLICATION
7. BID EVALUATION CRITERIA
8. PROCEDURE FOR ASSESSMENT
9. TECHNICAL DATA AVAILABILITY & ACCESS
10. FURTHER INFORMATION
Key License Round Steps - The Schedule / Project Plan

- Guideline
- Baseline Interpretation
- Blocks / Contract Areas
- Legal & Fiscal
  - Comparison
  - Review / update economic model
- Application Documents
- Bid Evaluation
  - Commercial
  - Technical
  - QHSE
- Technical data
- Promotion
- Training / Capacity Building
Legal and Fiscal

- Complete the Legal and Fiscal documentation as early as possible.
- Keep the Petroleum Law as generic as possible.
- Use Decree Law or License Round documentation to define
  - Relinquishment
  - Bonus
  - Blocks / Areas
  - Need to be in place before the License Round is announced
- Provide English Documentation / Official/Unofficial Translation
Example Decree Laws

1. Block Delineation
2. State Participation
3. Strategic Environmental Assessment
4. Documentation & Participation for Licensing
5. Petroleum Administration Assignment
6. Reconnaissance Licensing
7. Application Contents & Fees
8. Exploration & Production Phase
9. Relinquishment
10. Environmental Impact Assessment (EIA)
11. Area Fees
12. Royalty
13. Petroleum Profit distribution & Sharing
14. Mortgaging
15. Petroleum Register
16. Risk Assessment and Safety
17. Management & Company Headquarters
GENERIC APPLICATION DOCUMENTS STRUCTURE

Appendix A - Applicant Details and Financial/Legal Information

Appendix B - Technical Application Summary

Appendix C - Financial Proposal

Appendix D - Health Safety Environment
APPENDIX A

Appendix A contains financial information about the applicant and is required to support the license.

Where there are two or more companies submitting a combined or joint application, the Government require the Appendix A completed by each applicant separately.

Companies are required to confirm that they are not in default of any obligations to the State.
APPENDIX B

The technical submission shall contain the information requested on the following pages for each of the areas applied for.

Attached to the technical submission the applicant is requested to present brief and relevant documentation for each area of G&G studies and analyses focusing on aspects that are considered critical for an evaluation of the prospectivity of the area, such as:

- a brief and focused petroleum geological analysis, describing the prospectivity in the area applied for, critical factors, etc.
- a brief description of the seismic interpretation, well ties, etc., including attached interpreted seismic sections
- time and depth structure maps for prospective horizons, showing all identified prospects and leads
- brief description of the prospect evaluation
- description of the proposed obligatory work program and exploration strategy

The technical submission should also be provided on a separate USB or CDROM which should have adequate resolution of all the figures in order to show relevant details.
Technical Application Summary Sheets

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<thead>
<tr>
<th>PROSPECT RISK ASSESSMENT</th>
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<tr>
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<tr>
<td>Source Rock (Clay, lignite, etc.)</td>
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<tr>
<td>Source Rock (Lithologic, etc.)</td>
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<tr>
<td>Source Rock (Volcanic, etc.)</td>
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<tbody>
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<td>Depth to top of reservoir clays (m)</td>
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<td>High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depth to top of oil field (m)</td>
<td>Low</td>
<td>High</td>
<td></td>
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<tr>
<td>Millimeters to top of oil field (m)</td>
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<td>Area of oil field (m²)</td>
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<tr>
<td>Initial oil column in prospect mm</td>
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<td>Oil content (%)</td>
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<td>Water saturation (%)</td>
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<td>Formation Volume Factor (PVF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reservoir porosity (Por)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reservoir water (W)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reservoir oil (O)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reservoir gas (G)</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUMMARY OF PROPOSED WORK PROGRAM:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>First Exploration Period:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Years</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td></td>
</tr>
<tr>
<td>Size</td>
<td>USD</td>
<td>USD</td>
<td>USD</td>
<td></td>
</tr>
<tr>
<td>3D Seismic Acquisition:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Size</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drill Exp. Well</td>
<td>Depth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Target</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Second Exploration Period:        |          |          |          |          |
| Years                             | USD      | USD      | USD      |
| Size                              | USD      | USD      | USD      |
| 3D Seismic Acquisition:           |          |          |          |          |
| Size                              |          |          |          |          |
| Drill Exp. Well                    | Depth    |          |          |          |
| Target                            |          |          |          |          |

| Third Exploration Period:         |          |          |          |          |
| Years                             | USD      | USD      | USD      |
| Size                              | USD      | USD      | USD      |
| 3D Seismic Acquisition:           |          |          |          |          |
| Size                              |          |          |          |          |
| Drill Exp. Well                    | Depth    |          |          |          |
| Target                            |          |          |          |          |

<table>
<thead>
<tr>
<th>RE-PROCESSING AND INTERPRETATION OF EXISTING GEOTECHNICAL DATA</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Line km within area applicator</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New interpretation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (special studies)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX C

The proposal of the applicant for the obligatory work commitment and minimum expenditure amounts to be incorporated in the standard Bank Guarantee in respect of the Exploration Area (s) specified in the application must be stated.

Definite proposal with respect to all negotiable items as contained in the Model Exploration and Production Concession Contract must be stated, including bonus payments, training, institutional support that may be applicable.
APPENDIX C

Appendix C must contain the proposal of the applicant for the exploration work commitment and minimum expenditure in respect of each block(s) applied for as specified in the application.

Definite proposal with respect to all those items that are negotiable items as contained in the PSC must be stated, including, training and local content. Only those items indicated as blanks in the PSC are negotiable. Tax and Royalty are as stipulated by applicable law and therefore non-negotiable.
C. FINANCIAL PROPOSAL

Key Points

- Training
- Institutional Support
- Social Support
- Carried Interest
- R Factor
- Production Bonus
- Expenditure Commitments

### EPCC FINANCIAL PROPOSAL SUMMARY

**Mozambique Third Licensing Round**

<table>
<thead>
<tr>
<th>Applicant Name:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Items</th>
<th>US $</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional Support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carried Interest (minimum 10%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost Petroleum</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production Share</td>
<td>R&lt;</td>
<td></td>
</tr>
<tr>
<td>R-Factor: Contractor Share</td>
<td>&lt; R &lt;</td>
<td></td>
</tr>
<tr>
<td>Production Bonus payable in US Dollar</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At the commence of initial commercial production:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When Production from EPCC Area first reach</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBOE/day average for a month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When Production from EPCC Area first reaches each further tranche of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBOE/day average for a month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditure commitment (US $ million)</td>
<td>First Exploration Period</td>
<td></td>
</tr>
<tr>
<td>Second Exploration Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third Exploration Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Expenditure</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX D

An applicant should submit details of the Health, Safety and Environment protection company policy and record of the same for the last 3 years.

Note:

Legal requirement and Government objectives are to ensure the success of the systematic effort needed to prevent faults and dangerous situations, incidents and accident or undesired conditions arising or developing, and to limit pollution and injury to persons and damage to equipment. Facilities or property, that will support and maintain a favourable health, environment and safety culture that [must] pervade all levels of the company and its contractors organization as well as every individual activity or establishment.

The Government also recognizes that a favourable health, environment and safety culture is [also] needed to ensure consistent and continuous[al] development and improvement of health, environment and safety.
Appendix D

HSE

Often a Pass or Fail category

Operator

a. QHSE Policy Statement(s)
b. Evidence of established and implemented QHSE Management System(s)
c. QHSE certification(s) according to best international industry practice (e.g., ISO certification 9001, ISO 14001 and/or OHSAS 18001), with copies of certificates approved by the awarding official entities.
d. A copy of the Quality, Health, Safety and Environment Management System(s) (QHSEMS), or equivalent.
e. A copy of Corporate Social Responsibility reports or initiatives for the past three (3) years.
f. Experience as operator in environmentally sensitive areas.
g. QHSE record of material events for the previous three (3) years including oil spills, site fatalities and injuries, major fires and explosions, mechanical/structural failures, emissions and waste, and main remedial efforts.

Partner / Non-Operator

a. QHSE Policy Statement(s)
b. Evidence of established and implemented QHSE Management System(s)
c. QHSE certification(s) according to best international industry practice (e.g., ISO certification 9001, ISO 14001 and/or OHSAS 18001), with copies of certificates approved by the awarding official entities.
Licensing Rounds – Working with Governments

Licensing Rounds assisting Governments and NOC’s to deliver!

• The Timeline
• Preparation & Building the Team
• Key License Round Steps (Legal – Financial - Technical – QHSE)
• Bid Evaluation
• Reporting & Transparency
Example Evaluation Process

1. Applications opened and basic information is entered in Master Evaluation Sheet
2. Sequence of the applications for Evaluation (by Area)
3. Evaluation Sheets (Excel) given to each team
4. Initial review - are Applications valid (Fee Payment, meet minimum work program)
5. Initial summary – Review Meeting
6. Commence detailed evaluation of Application – Appendix A – then B & C
7. Provide copy of completed evaluation sheet back to Evaluation Coordinator
8. Evaluation Coordinator sum scores
9. Evaluation Normalisation Review Meeting by AREA
10. Clarification Questions Outlined
11. HSE Evaluation Review Meeting
12. HSE that are unclear or require specialist review – refer to HSE specialist
13. HSE Clarification Questions
14. Clarification Meetings / Bid Presentation or Written Questions
15. Finalisation of Evaluation Team Scores
16. Recommendations for Approval
First Steps

1. Check the Applications are valid
   – Have they paid the application Fee?
   – Have they submitted all documents?
   – Do the documents look to be complete / any sections missing?

Pre-Qualification Option?

2. Evaluation Appendix A
   – Do they meet the defined Company legal / financial requirement criteria?

3. Evaluation Appendix D
   – Do they meet the defined QHSE criteria?
# SCORE CARD

## Example Pre-Qualification

### Lebanon – First License Round

#### ANNEX 4

**TECHNICAL CRITERIA AND REQUIRED DOCUMENTS AND DISCLOSURES**

<table>
<thead>
<tr>
<th>4.0</th>
<th>Eligibility Criteria</th>
<th>Application Number: 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Operator: Operatorship of at least one petroleum development in water depths in excess of five hundred (500) meters</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Non-Operator: Having established petroleum</td>
<td></td>
</tr>
</tbody>
</table>

**An Applicant may seek pre-qualification as an Operator and/or a Non-Operator by satisfying the criteria and presenting the documents and disclosures set forth below:**

<table>
<thead>
<tr>
<th>4.1</th>
<th>Eligibility Criteria</th>
<th>Application Number: 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Operator: Operatorship of at least one petroleum development in water depths in excess of five hundred (500) meters</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Non-Operator: Having established petroleum</td>
<td></td>
</tr>
</tbody>
</table>

**An Applicant is eligible for such pre-qualification if it is able to demonstrate, to the reasonable satisfaction of the Petroleum Administration:**

<table>
<thead>
<tr>
<th>4.1</th>
<th>Eligibility Criteria</th>
<th>Application Number: 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Operator: Operatorship of at least one petroleum development in water depths in excess of five hundred (500) meters</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Non-Operator: Having established petroleum</td>
<td></td>
</tr>
</tbody>
</table>

### Technical Information

<table>
<thead>
<tr>
<th>4.2</th>
<th>Technical Information</th>
<th>Application Number: 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A good faith estimate of the total capital expenditure in activities falling within the definition of “Petroleum Activities” in the Offshore Petroleum Resources Law in each of the last three (3) years.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Number of offshore exploration wells drilled (as operator) in each of the last three (3) years.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Number of offshore wells drilled (as non-operator) in each of the last three (3) years.</td>
<td></td>
</tr>
<tr>
<td>4A</td>
<td>Number of offshore wells drilled (as operator) in a sub-salt environment (with water depths greater than five hundred (500) meters and less than one thousand (1,000) meters in each of the last three (3) years.</td>
<td></td>
</tr>
<tr>
<td>4B</td>
<td>Number of offshore wells drilled (as operator) in a sub-salt environment (with water depths greater than one thousand (1,000) meters) in each of the last three (3) years.</td>
<td></td>
</tr>
</tbody>
</table>

### Further Action / Audit

<table>
<thead>
<tr>
<th>4.1</th>
<th>Eligibility Criteria</th>
<th>Application Number: 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Operator: Operatorship of at least one petroleum development in water depths in excess of five hundred (500) meters</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Non-Operator: Having established petroleum</td>
<td></td>
</tr>
</tbody>
</table>

**Pass / Fail / Pending**

<table>
<thead>
<tr>
<th>4.1</th>
<th>Eligibility Criteria</th>
<th>Application Number: 1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Operator: Operatorship of at least one petroleum development in water depths in excess of five hundred (500) meters</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Non-Operator: Having established petroleum</td>
<td></td>
</tr>
</tbody>
</table>
**6. BID EVALUATION CRITERIA**

**Technical Evaluation Criteria**
- The technical competence and financial strength of the applicant to be able to carry out exploration and production of hydrocarbons within the legal requirements and industry standards.
- The technical database used in making the application.
- The technical evaluation and obligatory work program. Preference will be given to bids which demonstrate an active and cost-effective exploration approach, with satisfying progress.
- HSE. Detailed environmental policies of the company should be stated with particular reference to environmental impact analysis and HSE Management. Clarity and consistency in these areas are important.
- Level of local support and training. Local content in terms of commitment to training and growth of indigenous capability, indigenous manpower, and the use of services of the local industry should be indicated.

Only bids that meet the minimum work program criteria and achieve a pass in HSE will be taken to the final stage where the commercial evaluation will take place.

**Commercial Evaluation Criteria**

The commercial evaluation criteria will be based on the following:
- Signature bonus;
- Economic terms offered by the Applicant;
- Production Bonus for specific production thresholds;
- Projects to be undertaken in São Tomé and Príncipe.

All bonuses offered shall be non-tax deductible and non-cost recoverable.

Signature bonuses shall be payable in one tranche no later than 30 days after the date of signing the PSC.

The final evaluation of the commercial offer will be based on a direct computation of all the commercial components of the offer.
5. BID EVALUATION CRITERIA

The Ministry of Minerals Resources and the National Petroleum Institute will take the following aspects into consideration:

– The technical competence and financial strength of the applicant to be able to carry out exploration and production of hydrocarbons within legal requirements and industry standards.

– The technical database used in making the application.

– The technical evaluation and obligatory work program. Preference will be given to bids which demonstrate an active and cost-effective exploration approach, with satisfying progress.

– Economic terms offered by the Applicant

– Strength of the proposed systems, standards and management for health, safety and environmental protection.

– Level of institutional support and training.

Important Note:

INP encourages companies to present a technical proposal that will maximize the knowledge of the petroleum potential of the Area(s) applied for. The Score Card will be included in the Application Guidelines document to made available shortly.
## Bid Evaluation Score Card

**Mozambique 5th License Round**

### Appendix A
- Company Expertise
  - Applicant Details and Financial Information: 5 Marks
  - Total Investment in E&P Exploration: 1.0 Marks
  - Value (Market Cap) - Small to Large: 2.0 Marks
  - Production of Oil and Gas: 1.0 Marks
  - Affordability of Work Program Bid: 1.0 Marks

### Appendix B
- Technical Work Program
  - Applicant Technical Expertise: 8 Marks
    - Number of E&P wells drilled: 2.0 Marks
    - Technology - relevant to Area: 4.0 Marks
    - Number of discoveries: 2.0 Marks
  - Technical Database: 8.0 Marks
  - G&G evaluation already completed: 10.0 Marks
  - License Prospectivity: 4.0 Marks
  - First Exploration Period: 22.0 Marks
  - Second Exploration Period: 5.5 Marks
  - Third Exploration Period: 0.5 Marks

### Appendix C
- Financial Proposal
  - Training: 2.0 Marks
  - Institutional Support: 5.0 Marks
  - Social Support: 2.0 Marks
  - State Participation (ENH): 5.0 Marks
  - Production Bonus: 4.0 Marks
  - Other Terms: 19.0 Marks

### Appendix D
- HSE
  - Pass or Fail

**TOTAL** 100 Marks

**APPENDIX D - HSE**

**TOTAL** 100 Marks
1. In order to promote Satomean business community, the government shall adopt measures to guarantee, promote and encourage investment in the Petroleum sector by citizens of STP and create conditions necessary for such purpose.

2. In this perspective Authorized person and their associates shall cooperate with local authorities in developing public action to promote sócio economic development of the country there by:

   ▪ local companies shall have the right of preference regarding the award of participating interest as well as contracts for provision of goods and services.
   ▪ authorized persons and their associates shall train and employ citizen of STP at all levels of their organizations
   ▪ preferentially contract with local services providers and acquire material, machinery, equipment and consumable goods, produced, manufactured on quality and which are available for sale and delivery in due time at prices which are no more than 10% higher than the imported items.
Licensing Rounds – Working with Governments

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- The Timeline
- Preparation & Building the Team
- Key License Round Steps (Legal – Financial - Technical – QHSE)
- Bid Evaluation
- Reporting & Transparency
Reporting & Transparency

**INTERNAL**
- MINISTRY PANEL / BOARD
- REGULATOR / NOC

**EXTERNAL**
- PETRAD / NORAD
- US AID
- WORLD BANK
- ADB
- EEC
- LOCAL ADMINISTRATION
- NGO (Non Government Organisation)
- LOCAL PRESS
- INTERNATIONAL PRESS
- INDUSTRY CONSULTANTS
Lebanon
1st License Round

GIS Project

The GIS Project integrates the older legacy paper data with the modern digital technical data and provides a dynamic digital database.

The GIS contains all the available onshore data including international borders, geological maps, digital terrain, gravity and details of the six onshore exploration wells.

www.lebanon-exploration.com
info@lebanon-exploration.com
Summary – Working with Governments

• You need lots of patience and understanding

• Confidentiality and Trust

• Very rewarding

Bid Evaluation

• It’s a privilege to be able to assist in the marking and bid evaluation and see first hand the tremendous creativity there is within our industry.
Thank you for your attention

Huw Edwards
Managing Director
Exploration Reservoir Consultants
www.ercl.com
License Round Management

ERCL ADVISORY (wide ranging advice & support including):

- Advice
- Base line interpretation
- Minimum work programs / bid expectation
- Government Data
- Multi Client Data
- Application Documentation
- License Round Management
- Economic Model
- Presentations
- Application Scoring
- Minister briefing documents
- Technical Support / Training
Independent Technical and Commercial experts from exploration to rehabilitation