



Questions and Answers – Shallow Water Competitive Bid Round 2010

1. **Q:** According to the Petroleum Regulations (Competitive Bidding) Order, 2010 there is a possibility to bid either individually or as a member of a consortium. Furthermore, as we understand from the Order, the same bidding procedure is applied for bidding individually or as a member of a consortium. Is our understanding correct or is there a special procedure or any further document(s) that needs to be submitted if a consortium wants to submit a bid?

A: In accordance with Clause 5 of the Competitive Bidding Order (CBO), each member of a consortium is required to pay the pre-bid application fee prior to the close of bids. Please note however, that only one bid-application fee (for a consortium or otherwise) is required on submission of the bid as outlined in Clause 7 of the CBO. In all other respects, the procedure for submission of a bid is identical, whether bidding as an individual or as a member of a consortium.

2. **Q:** Do the "fixed statutory payments" commence immediately following the closing of the bid or sometime later (i.e., after declaration of commerciality) or is there flexibility in the bid proposal to stipulate when such payments will occur?

A: Apart from the pre-bid application fee and the bid application fee referred to in Clause 5 and 7 respectively in the CBO, there are no other statutory payments required prior to or at closing of the bid. If "fixed statutory payments" refer to the Financial Obligations under Article 21 of the PSC, these payments are due as prescribed in the PSC. Several of these payments are required on the effective date of the Contract whilst others are due annually or quarterly as described in article 21. There is no flexibility in respect of the timing any of these payments.

3. **Q:** When and how much will be required to be guaranteed following acceptance of the bid? The entire MWO or portions thereof?

A: The guarantees (including the guarantee related to the entire MWO), as outlined in Articles 8.1 and 8.5 of the PSC, are all required on the effective date of the contract.

4. **Q:** In analyzing the point system to be used in the incoming bid round, there are questions regarding how the Profit share table will be evaluated. Could you please expand about how the Profit share tables will be evaluated?

A: The Ministry of Energy and Energy Affairs took the decision, based on feedback from stakeholders, to proceed with an open profit-share matrix. Bidders are free to insert numbers in the matrix which they believe represent commercial and competitive bids. Shares proposed by bidders will be analysed by an evaluation committee, comprising officers of the Ministry of Energy and Energy Affairs and other government agencies, against internally generated benchmarks for the respective blocks.

5. **Q:** Carried participation – It is explicitly stated in the CBO that carried participation is included for the north coast and Gulf of Paria blocks. While this suggests ‘exclusion’ for other blocks it is not conclusive. Are blocks 4b & 5d excluded from carried participation?

A: There is no carried participation required with respect to Blocks 4(b) and 5(d).

7. **Q:** Prequalification – To which company would prequalification be applicable, a parent company or a subsidiary?

A: The Company which proposes to be the operator should be pre-qualified as competent both financially and technically to conduct petroleum operations in the particular province.

8. **Q:** Prequalification – What is the preferred time frame for the prequalification application and the latest it can be submitted before the Round closing date?

A: The prequalification documents can be submitted at any time prior to the close of the bids in accordance with the CBO. In order to facilitate timely review and evaluation of bids, early submission of prequalification documents will be appreciated.

9. **Q:** What is the latest date prior to the Round closing date that the pre-Bid Application fee can be paid?

A: In accordance with Clause 5 of the CBO, the pre-Bid Application fee is a pre-requisite for the submission of a bid as outlined in Clause 6 of the CBO and it is required that it be paid prior to the close of the bids. . Bidders intending to effect payments via wire transfer should allow sufficient time to secure documentary evidence (proof of payment) at or by the closing date.

10. **Q:** The requirement for a technical submission supporting the bid is not explicit in the CBO (as in past bidding rounds). Is this still a requirement?

A: Although this was a feature of past bid rounds, this is not a formal requirement under this 2010 CBO. Bidders are however, encouraged to include all relevant information and interpretive discussions in their bidding documents [Clause 8(1) (f)]. Notwithstanding the above and based on numerous stakeholders’ requests, the Ministry is willing to allow companies the opportunity to make a presentation of their technical and commercial evaluations to the Evaluation Committee and other Ministry staff. Please note that such presentations are considered optional

and do not form part of the bidders formal submission. Appointments will be scheduled on a first come first served basis one week after the bid closing date. Please contact the office of the Director Resource Management – Ms Sandra Comas to confirm a mutually acceptable date and time for your presentation.

11. **Q:** Point allocation for wells – How do we read the “Cumulative well depth” tables in the CBO? Do we read from the top of the table for each additional well, or simply accumulate points based on the cumulative depth of all wells. For example, would two 1000m wells in NCMA 2 block (table below), equate to 4.6 or 5.8 points, with the latter considering total footage.

A: In accordance with Schedule 5 of the CBO, the table outlines the cumulative well depths and cumulative points. On this basis, points will be awarded on the cumulative footage of all proposed wells to be drilled on the block, up to the maximum for the particular block. In the example given, the correct point allocation will be 5.8.

12. **Q:** Will the MoEEA accept a parent company guarantor for the requested guarantees?

A: The MoEEA will accept a parent company guarantor for the requested guarantees as long as the requirements, as outlined in Article 8 of the PSC, are satisfied.

13. **Q:** According to the Schedule 4 (Term of Contract) the length of the first exploration Phase is defined (seismic option - 2 years; seismic and 1 well - 3 years, etc.). Does it mean that in the bid, the bidder shall propose the length of the first exploration Phase accordingly, or different lengths for the exploration phases (shorter or longer) can also be proposed?

A: In order to comply with the CBO, Bidders proposing work programmes, comprising the combinations indicated in Schedule 4, are required to strictly adhere to the lengths of the first phase indicated for the particular combination. However, bidders proposing a work programme comprising wells in excess of the stated combinations may propose phasing different to the periods indicated in the Schedule.

14. **Q:** Paragraphs 8(1) (c), (d) (e) and (f) contains the requirements for pre-qualification. Therefore, we interpret that the "Prequalification Criteria for Participation in the Competitive Bid Rounds" document (available in the Ministry's web site) is only a guideline for the above paragraphs. Is our interpretation correct?

A: Paragraph 8(1) describes documents and information which must accompany all bid proposals. In order to expedite the pre-qualification process, the submission of this information prior to the formal submission of the bid will allow for a more efficient and timely determination by the Ministry. Please note that notwithstanding any prior submissions; the documents indicated in Clause 8(1) must be included with the bid documents.

15. **Q:** Based on the content of the Competitive Bidding Order (Legal Notice 114 of 2010) (“the CBO”) it appears that bids have been invited in respect of Shallow (under 400m) and

Average Blocks (400m-1000m). However, there does not appear to be any specific designation as to which of the Blocks on offer is Shallow and which are Average.

A: Blocks 4(b) and 5(d) are the Average Water Depth Blocks and Blocks North Marine, NCMA 2, 3, 4, and 5 are Shallow Water Depth Blocks.

16. Q: Is the cost expended on behalf of the State, during the carried participation period, reimbursable?

A: No. these cost are not reimbursable the State is only required to pay its share of applicable expenses incurred subsequent to the carried-participation period.

17. Q: Will the date for submission of bids remain August 11, 2010

A: No. To enable companies to review and assimilate the changes which were made to the PSC, the bid submission date has been postponed to, latest 12 noon, September 8, 2010,

18. Q: Given that 4(b) and 5(d) are now classified as deep water, will they no longer be offered in the Shallow and Average Water Round?

A: Blocks 4(b) and 5(d) are still being offered in the round that is scheduled to close on September 8th, 2010. The Average Water Depth PSC and its Annexes reflect and acknowledge that there is a difference between the Average Water and the Deep. However for tax purposes the area (>400m) in which 4(b) and 5(d) are located is considered to be deep water.