



EGRONDA

2016

EQUATORIAL GUINEA

OIL & GAS

L I C E N S I N G R O U N D

**APPLICATION
PROCEDURES**





Application Procedures

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Introduction



The Government of the Republic of Equatorial Guinea, represented by the Ministry of Mines and Hydrocarbons (MMH) and GEPetrol, the National Oil Company, has launched an international competitive bidding round for open acreage in Equatorial Guinea.

The bidding round is termed the **EG Ronda 2016 (Equatorial Guinea Oil & Gas Licensing Round)**.

Acreage in the round includes:

Relinquished areas in the Niger Delta (Offshore)
Relinquished areas in the Douala Basin (Offshore)
Relinquished areas in the Río Muni Basin (Offshore)
Onshore Río Muni
Frontier acreage south of Bioko Island (Offshore)
Frontier acreage surrounding Annobon (Offshore)

The EG Ronda 2016 was officially opened on 6 June 2016 at the Africa Oil & Power conference in Cape Town. The closing date for submission of applications in Malabo, Republic of Equatorial Guinea, is 18:00 hrs local time on **30 November 2016**.

For companies wishing to participate in the Licensing Round this document provides an overview of the application procedures. These procedures may be updated from time to time as the round proceeds. All updates will be published on the EG Ronda 2016 website.

If you have further queries or requests for clarification or additional information please refer to the official website www.egronda2016.com and the contact details provided therein.

Legal & Fiscal Documents

2.1 Hydrocarbons Law

The 2006 Hydrocarbon Law (Law 8/2006) was ratified by the Government of Equatorial Guinea on 3 November 2006. Copies of Law 8/2006 are available on the website www.egronda2016.com.

2.2 Model Petroleum Sharing Contract

The Model Petroleum Sharing Contract is an integral part of the 2006 Hydrocarbon Law. The Model PSC has also been revised to incorporate modern Petroleum Industry practices and is also available on the Licensing Round website.

The key biddable items within the Model Petroleum Sharing Contract are:

1. Work Program during Exploration Period
2. Royalties to be paid to the State
3. Percentage of Cost Recovery Oil
4. Production Share of Net Crude Oil between State and Contractor
5. Signature Bonus
6. Production Bonuses
7. GEPetrol Participation

2.3 Petroleum Regulations

The Petroleum Regulations (Ministerial Order 4/2013), dated 20 June 2013, define and establish the procedures to be observed in carrying out petroleum operations in the Republic of Equatorial Guinea under the Hydrocarbons Law (Law No. 8/2006), dated 3 November 2006.

Also applicable to actors in Equatorial Guinea's petroleum sector is the National Content Regulation (Ministerial Order 1/2014), dated 26 September 2014. Spanish and English texts for the Hydrocarbons Law, Petroleum Regulation and National Content Regulation are available at www.egronda2016.com

2.4 Areas in Licensing Round and Block Designation

A series of Designated Blocks has been defined, as shown in **Table 1**.

A map showing the Designated Blocks is shown adjacent to the table.

Interested companies are encouraged to regularly monitor the official website for the latest information regarding open areas.

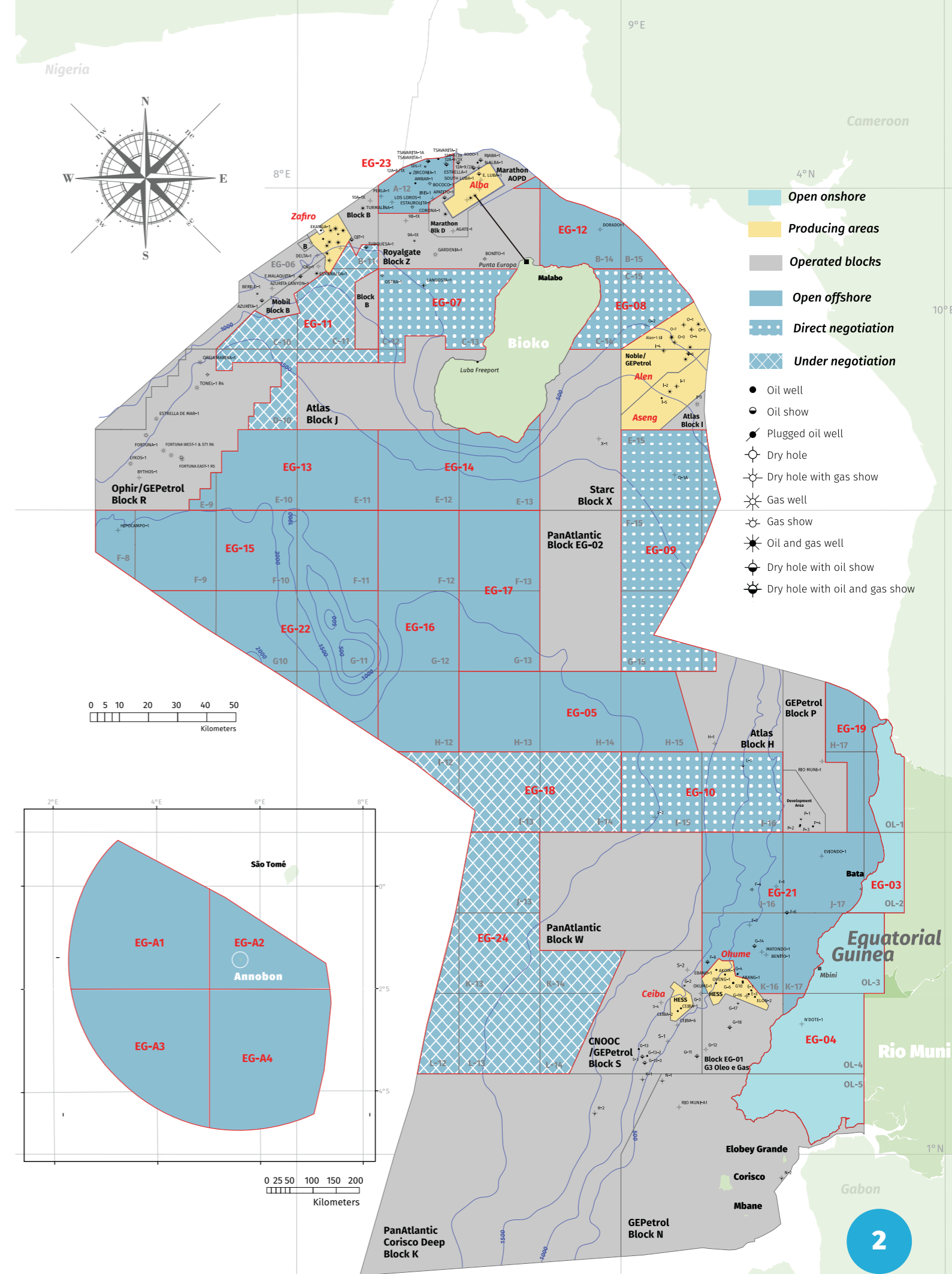
With the exception of Annobon, applications may only be submitted for a single Designated Block. A company may submit more than one application.

Given the frontier nature of Annobon, four subdivisions of the area around the island have been defined (each comprising a large number of Designated Blocks). In this case only, companies may apply for more than one Designated Block in a single application.



Table 1: Designated Blocks

Designated Block Name for 2006 Round	Incorporates (parts / all of) the following areas	Area (sq kms)
EG-03	OL-1, OL-2	647
EG-04	OL-3, OL-4, OL-5	2,172
EG-05	H13, H14, H15	2,162
EG-12	A13, A14, B14, B15	766
EG-13	E9, E10, E11	1532
EG-14	E12, E13	1510
EG-15	F8, F9, F10, F11	2553
EG-16	F12, G12, H12	2289
EG-17	F13, G13	1536
EG-19	H17, H18, I17, I18	738
EG-21 (Y)	J-16, J-17, J-18, K-16, K-17	2,495
EG-22 (V)	G-9, G-10, G-11, H-10, H-11	1,994
EG-23	A-12	371
Annobon Offshore		
EG-A1	ANNOBON NW	78,486
EG-A2	ANNOBON NE	35,332
EG-A3	ANNOBON SW	63,383
EG-A4	ANNOBON SE	74,097



Pre-Qualification

All petroleum companies, national and international, interested in being pre-qualified for this bidding round, are invited to submit the information detailed below by **15 October 2016**.

All companies wishing to bid in association/partnership with qualified Operators, must proceed through this pre-qualification process.

3.1 Companies applying for non-Operator status

- a) Their firm or business name;
- b) Place of formation, registration, and address of the main office;
- c) The most important activities carried out;
- d) Details of their assets structure, namely the value of equity capital, current assets and investment in current assets, as well as the value of current liabilities;
- e) References of reputed banking institutions endorsing their financial capacity;
- f) Annual activity reports, including balance sheets and accounts of the last three years or since inception if the investing company had been set up less than three years ago. Such accounts must be audited by a proven experienced independent auditing firm;
- g) Details of their experience in the field of oil exploration and production, including details of reserves and production;
- h) Number of workers employed and professional experience of management staff in the field of oil exploration and production;
- i) Details of court cases and arbitrations against over the last five years;

j) Details of existing plans, future commitments, including work programs or risks that might impact their ability to implement any future work programs relating to the Equatorial Guinea concessions to which they might become parties;

k) Details of any previous and current business activities carried out in the Republic of Equatorial Guinea.

3.2 Companies applying for Operator status

All companies that wish to be an Operator must provide the above information and must also be able to demonstrate:

- a) Competence and experience in the management and performance of petroleum operations;
- b) Technical and operational competence;
- c) The Operator may also submit other elements relating to its experience in the performance of petroleum operations deemed relevant to support its application, namely in the areas of safety, environmental protection and employment, integration and training of national staff.

Submitting An Application

3.3 Timetable for Pre-Qualification

This Pre-Qualification process is open until **15 October 2016** (the closing date for pre-qualification). All submissions will be evaluated by a Technical Steering Committee.

All submissions (in duplicate) should be submitted to the following address:

*Ministry of Mines and Hydrocarbons
Autovía Malabo II
Malabo
Republic of Equatorial Guinea*

and marked for the attention of:

*EG Ronda 2016
Technical Steering Committee
(Attn: Ministry of Mines and Hydrocarbons)
(cc: Mrs. Mercedes Eworo Milam)
Pre-Qualification Submission of [Company Name]*

A fee of **\$10,000** is applicable to all Pre-Qualification Submissions submitted. This fee shall be payable by US\$ cheque or bank draft made payable to **'Treasury of the Republic of Equatorial Guinea'**. Pre-Qualification Submissions will not be evaluated until this fee has been paid.

Pre-Qualification Submissions will be evaluated in the order in which they are received. Companies will be advised on the result of the evaluation, and advised directly.

On completion of the pre-qualification process, notice of all companies qualified to bid in the licensing round will be posted onto the website.

4.1 Data Room Attendance

A Data Room will be established in central London during the Licensing Round. The data room will be available until **30 November 2016**. This Data Room will be staffed by MMH staff, supported by RPS, and will allow access to the MMH and Geox digital datasets. WesternGeco will also be asked provide representative hardcopy display sections of their data.

Attendance at the Data Room is obligatory for all companies wishing to participate in the Licensing Round. The Data Room may be attended by up to 3 personnel for a maximum of 2 days. A fee of **\$10,000 per day** will be payable for Data Room attendance.

Bona fide bidding group partners will be treated as a single company for the purpose of the Data Room fee.

Companies wishing to visit the data room need to apply in writing to the Minister at the aforementioned address specifying the blocks for which they wish to view data. Once the Minister has granted permission, the companies should liaise with RPS to arrange a mutually convenient date to attend the data room.

4.2 Minimum Signature Bonus

The Ministry of Mines and Hydrocarbons has set Minimum Signature Bonus levels for each Designated Block. These are defined in **Table 2**.

It is noted that, for bid evaluation purposes, the Government places a higher emphasis on committed work program than the signature bonus.

4.3 Minimum Work Programme Obligations

The Ministry of Mines and Hydrocarbons has set Minimum Work Program Obligation for each Designated Block. These are defined in **Table 3**.

Table 2: Minimum Signature Bonus

Designated Block Name for 20016 Round	Minimum Signature Bonus US Dollars
EG-03	\$1 million
EG-04	\$1 million
EG-05	\$1 million
EG-12	\$1 million
EG-13	\$1 million
EG-14	\$1 million
EG-15	\$1 million
EG-16	\$1 million
EG-17	\$1 million
EG-19	\$1 million
EG-21	\$5 million
EG-22	\$1 million
EG-23	\$5 million
EG-A1	\$200,000
EG-A2	\$200,000
EG-A3	\$200,000
EG-A4	\$200,000

Table 3: Minimum Work Program Commitment

Designated Block Name	First Period		Second Period	
	Minimum Work Commitment	Duration (Years)	Minimum Work Commitment	Duration (Years)
EG-03	Buy + Acquire 3D	3	1 well	2
EG-04	Buy + Acquire 3D	3	1 well	2
EG-05	Buy 3D	2	1 well	2
EG-12	Buy + Acquire 3D	3	1 well	2
EG-13	Acquire 3D, Buy 2D	3	1 well	2
EG-14	Acquire 3D, Buy 2D	3	1 well	2
EG-15	Acquire 3D, Buy 2D	3	1 well	2
EG-16	Buy 3D 1 well (D/D)	2	1 well	2
EG-17	Buy 3D, 1 well (D/D)	2	1 well	2
EG-19	Buy 2D & 3D, Acquire 3D	3	1 well	2
EG-21	Buy 2D&3D, Acquire 3D	3	1 well	2
EG-22	Buy 3D	2	1 well	2
EG-23	Buy 2D&3D, Acquire 3D	2	1 well	2
EG-A1	Acquire 2D / 3D	3	1 well (D/D)	2
EG-A2	Acquire 2D / 3D	3	1 well (D/D)	2
EG-A3	Acquire 2D / 3D	3	1 well (D/D)	2
EG-A4	Acquire 2D / 3D	3	1 well (D/D)	2

D/D = Drill or Drop

4.4 Application Deadline

The Equatorial Guinea Oil & Gas Licensing Round for blocks other than then 'Direct Negotiation' blocks, closes on 30 November 2016 and all applications must be submitted by 18.00 hours local time on this date. All submissions will be evaluated by a Technical Steering Committee.

The application should include as a minimum indicative offers of the following:

1. Work Programme during Exploration Period
2. Royalties to be paid to the State
3. Percentage of Cost Recovery Oil
4. Production Share of Net Crude Oil between State and Contractor
5. Signature Bonus
6. Production Bonuses
7. GEPetrol Participation

All submissions (in duplicate, with an electronic version on memory stick) should be submitted to the following address:

Ministry of Mines and Hydrocarbons
Autovia Malabo II
Malabo
Republic of Equatorial Guinea

and marked for the attention of:

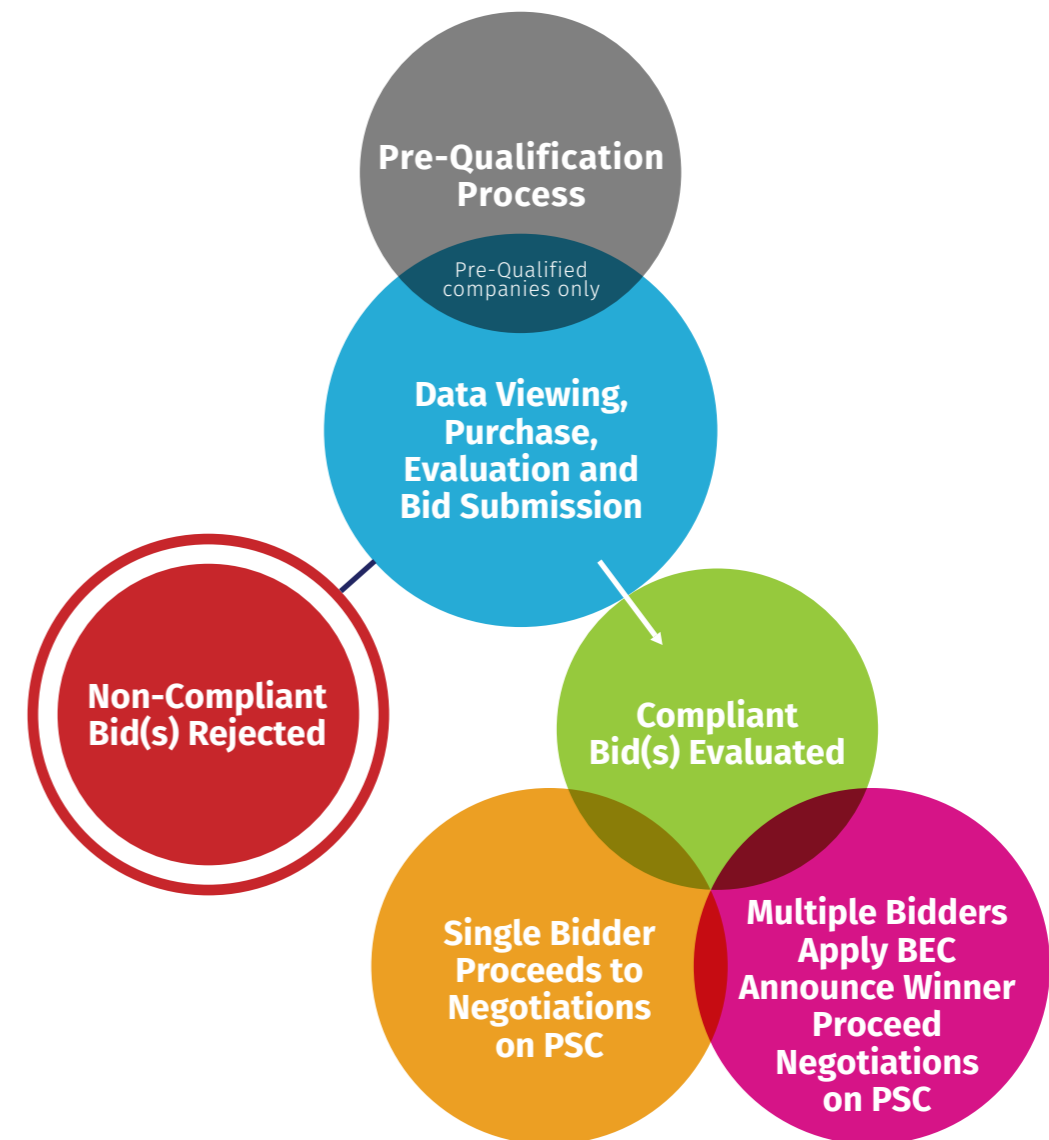
EG Ronda 2016
Technical Steering Committee
(Attn: Ministry of Mines and Hydrocarbons)
(cc: Mrs Mercedes Eworo Milam)
Application for Block *****
Submitted by Company Name

A fee of **\$10,000** is applicable to all Submissions submitted. This fee shall be payable by US\$ cheque or bank draft made payable to 'Treasury of the Republic of Equatorial Guinea' and must be paid in full before **30 November 2016** or the applications will be rejected as non-compliant.

Bid Evaluation Criteria

The Government of Equatorial Guinea intends that a transparent process is used to evaluate bids submitted in the round, and to ensure a rapid identification of the winning bids that will lead to discussions and finalization of PSCs with companies in an efficient manner.

The procedure for bid evaluation is illustrated below:



Contact Details

Pre-qualification

Only companies that have pre-qualified will be eligible to submit a bid(s).

Compliance

Does the bid (application) meet the defined minimum requirements (signature bonus, local content provisions, minimum work programme, and so forth)?

Only bids that meet these minimum requirements will be considered.

Single Bidder?

In the case where a compliant bid is submitted, and is the only bid for a designated block, then the Government will proceed with PSC discussions with the applicant.

Competitive Bids

Where more than one compliant bid is submitted for a designated block, then the winning bid is decided on the basis of the proposed and firm Work Program for the First Exploration Period as follows:

1. Highest number of firm wells, if equal then
2. Largest volume of firm 3D, if equal then
3. Largest volume of firm 2D, if equal then
4. Proposals for Local Content (GEPetrol) Participation, if equal then
5. Highest signature bonus



For any queries regarding the Equatorial Guinea 2016 Licensing Round (EG Ronda 2016), please contact:

Ministry of Mines and Hydrocarbons

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